

Furlow, Clara

To: 'ahyatt@hertelinsurors.com'
Subject: RE: 506-872147-5 ADAIR GRAIN, INC. POLICY EFFECTIVE 01.01.13
Attachments: Attachment.pdf; Attachment.pdf; U9405 STOCK REPORTING FORM.doc

Dear Ann:

Thank you for doing business with AMC / Fairmont Insurance Services. Please find attached policy insuring: Adair Grain, Inc. The policy has been issued in conformance with our Binder and / or Quote Proposal.

This policy has been checked for accuracy, however we recommend that you check it as well, prior to delivery to the insured. If alterations need to be made, please notify me in writing and I will handle the endorsements promptly.

This policy is being sent electronically directly to your e-mail box in conformity with AMC / Fairmont Insurance Services' recent determination to deliver policy transactions by that medium. Please either send a printed copy to the insured, retaining one for your records, or if the insured has agreed to receive the policy electronically, you may deliver it in that format.

Also attached is the Producer PolicyWriting Index. This should never be sent to the insured since it contains information solely for the producer.

This policy was issued on a Stock Reporting basis so please advise the insured that they will need to complete and return the attached document in accordance with the reporting frequency in the policy.

Please feel free to call me with any questions. Again, thank you for placing this policy with us. We appreciate your business.

Sincerely,

Sandra Rodgers
(713) 954-8127
Sandra.Rodgers@fairmontspecialty.com

Attached is the policy for Adair Grain, Inc., 5068721475, 01/01/13 – 01/01/14. This policy shall only be provided to the Insured, either directly or through the Insured's retail agent. You shall not amend or alter any aspect of the policy without our express prior written permission, nor shall you send, provide or distribute the policy, in any form, to any other party unless we or the Insured have provided you with express written permission to do so.

This message, together with any attachments, is intended only for the addressee. It may contain information which is legally privileged, confidential and exempt from disclosure. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution, use, or any action or reliance on this communication is strictly prohibited. If you have received this e-mail in error, please notify the sender immediately by return e-mail and delete the message, along with any attachments. Thank you.

Furlow, Clara

From: Furlow, Clara
Sent: Thursday, January 17, 2013 4:09 PM
To: 'ltroutman@hertelinsurors.com'
Subject: RE: 506-872147-5 ADAIR GRAIN, INC DBA WEST FERTILIZER CO. POLICY EFFECTIVE 01.01.13
Attachments: Attachment.pdf; Attachment.pdf; U9405 STOCK REPORTING FORM.doc

Dear Linda:

Thank you for doing business with AMC / Fairmont Insurance Services. Please find attached policy insuring: Adair Grain, Inc. dba West Fertilizer Co. The policy has been issued in conformance with our Binder and / or Quote Proposal.

This policy has been checked for accuracy, however we recommend that you check it as well, prior to delivery to the insured. If alterations need to be made, please notify me in writing and I will handle the endorsements promptly.

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Sandra Rodgers
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This message, together with any attachments, is intended only for the addressee. It may contain information which is legally privileged, confidential and exempt from disclosure. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution, use, or any action or reliance on this communication is strictly prohibited. If you have received this e-mail in error, please notify the sender immediately by return e-mail and delete the message, along with any attachments. Thank you.



AMC/FAIRMONT INSURANCE SERVICES CLAIM REPORTING PROCEDURES

Superior claims service is more than carrying out a contractual responsibility, it combines the highest level of professionalism and fairness.

When a claim is reported, the parties involved are promptly contacted to investigate and assess the loss, explain and provide guidance about the claims process. Our claim professionals are available to assist you 24-hours a day, 365 days a year. Below are a few suggestions that will help ensure claims receive the prompt attention our policyholders deserve.

- **IMMEDIATE REPORTING OF ALL ACCIDENTS OR UNUSUAL OCCURRENCES. Any accident should be immediately reported to your agent.** Each of your employees should be instructed to promptly report to you any accident that occurs. It is extremely important that our Company be notified as quickly as possible of everything that occurs. **Particularly important are those accidents, or occurrences, in which you do not feel that you are at fault or do not feel that you are involved.** Attorneys and claimants are becoming more vigorous in pressing claims, whether or not the facts warrant it. When we are notified immediately, we can make a prompt and thorough investigation and be in a better position to prove that you are not liable. If we are not notified until several months later, when an attorney finally enters into the picture, it is frequently impossible to obtain the necessary evidence to prove that you were not responsible.
- **EACH EMPLOYEE SHOULD BE INSTRUCTED TO NOTIFY THE POLICE OR OTHER PROPER AUTHORITIES AS SOON AS POSSIBLE AFTER AN ACCIDENT OR LOSS.**
- **THE EMPLOYEE SHOULD OBTAIN THE NAMES AND ADDRESSES OF ALL PARTIES INVOLVED IN THE ACCIDENT, INCLUDING THE NAMES AND ADDRESSES OF ALL POSSIBLE WITNESSES.** In the case of traffic accidents, when possible, write down the license numbers of all cars at the scene when the accident occurred. We can obtain the names of the additional witnesses through tracing these registrations.
- **THE EMPLOYEE SHOULD BE INSTRUCTED NOT TO DISCUSS THE ACCIDENT WITH ANYONE EXCEPT THE INVESTIGATING OFFICER OR AN AUTHORIZED REPRESENTATIVE OF THE COMPANY. UNDER NO CIRCUMSTANCES SHOULD THE INSURED ADMIT RESPONSIBILITY FOR AN ACCIDENT.** Requests from outside parties for information about the loss should immediately be referred to the Company for handling.
- Do not furnish information about your insurance policy, such as the limits of liability, to any party. It is sufficient to simply advise them the name of the company carrying your insurance coverage and refer them to us.
- Vehicles should not be repaired until clearance is received from us, as we may desire an appraisal of the damages and photographs. We do understand the importance of getting you back on the road as soon as possible and we will work with you to get this accomplished.
- **IN ANY ACCIDENT INVOLVING A MECHANICAL DEFECT OR FAILURE, THE PART SHOULD BE PRESERVED FOR THE COMPANY SO THAT IT MAY BE INSPECTED BY OUR REPRESENTATIVES OR ENGINEERS.** Quite often an engineering inspection of the part involved will show that the actual responsibility for the accident lies with the manufacturer or supplier of the part involved.

- In many cases, additional information may become available to you after the accident has been reported. In some cases, you may be personally acquainted with the claimant or people involved and have information that would be of value to us in our handling of the claim on your behalf. We solicit your assistance and request that you let us have your views on anything that may develop in a matter involving your company that is related to a loss.

We would like to stress again the importance of promptly reporting accidents. The sooner we can begin an investigation, the better job we can do for you. In accidents of a serious nature, if your agent is not immediately available, the accident may be reported by calling our Claims department.

It is our goal to contact all parties within 24 hours of our receipt of a loss. Accidents can be reported on a 24-hour, seven-day a week basis, and you should simply inform the party who answers that you desire to report an accident. Please have your policy number available, if possible.

You can reach us at:

Toll Free during regular business hours: (800) 392-1970

Toll Free after regular business hours: (866) 892-1978

Direct: (713) 954-8100

Fax: (877) 622-6538

E-mail: AMCFairmont.NewLosses@fairmontspecialty.com

**IMPORTANT INFORMATION AFFECTING YOUR POLICY – READ CAREFULLY
ANY NOTICES PRINTED ON THIS PAGE RELATE TO THE ATTACHED POLICY.**

PLEASE NOTE CAREFULLY

The Company shall be permitted but not obligated to inspect the named insured's property and operations at any time. Neither the Company's right to make inspections nor the making thereof, nor any report or recommendations resulting therefrom, constitute an undertaking for the benefit of the named insured or others, to determine or warrant that such property or operations are safe or healthful, or are in compliance with any law, rule or regulation.

(Refer to the terms of your policy regarding "Inspections and Surveys")

**IMPORTANT INFORMATION AFFECTING YOUR POLICY — READ CAREFULLY
ANY NOTICES PRINTED ON THIS PAGE RELATE TO THE ATTACHED POLICY.**

LOSS CONTROL SERVICE

AMC/Fairmont Insurance Services provides service to its policyholders to help them improve the insurability of exposures insured under the terms of the Fairmont Specialty policy. Working through the independent agents that represent AMC/Fairmont Insurance Services, the following services are available:

- Mailing of safety information to firms who request education material; such materials stress the benefits of loss prevention to minimize loss costs.

- On site surveys to assist the policyholder by providing personal contact and offering:
 - Initial survey and evaluation relative to the insurability of the account;
 - Specific suggestions for improving the present loss control practices;
 - Explanation of DOT requirements related to record keeping requirements, standards and administrative procedures;
 - Consultation and training to help management understand the hazards associated with their operation, accident investigation procedures and effective techniques for establishing a loss control program;
 - Periodic summaries of accidents and analysis of the loss cause; and
 - Follow-up surveys to check on program and to provide continuing assistance when needed.

For assistance or additional information, contact your agent or

AMC/Fairmont Insurance Services

Loss Control Department

PO Box 2807

Houston, TX 77252-2807

(713) 954-8100

U9563 (0112)

ANY NOTICES PRINTED ON THIS PAGE RELATE TO THE ATTACHED POLICY.

PREMIUM AUDIT SERVICE

AMC/Fairmont Insurance Services group wants to provide excellent service and coverages to our insureds at the most equitable premium possible for the operations of your business. One of the ways we ensure that you are charged the correct premium for your operation is by completing a premium audit at the end of the policy period.

What is a premium audit?

A premium audit is a review of your operations and an examination of your accounting records to determine the exact exposures for the coverage(s) provided during the policy period.

Why is a premium audit necessary?

Certain coverages included on this policy are based on variables, which change with the amount of business you do. At the inception of this policy these variables are estimates, which have been provided to us by you and or your agent. Shortly after the expiration of the policy period the premium audit will be completed to determine the exact amount of these variables during the policy period. Adjustment to the total premium for the policy is made based on this audit.

How is the premium audit completed?

We use three different methods to complete the premium audit. Only one method will be used for your policy and is determined according to the nature and size of your business:

1. An AMC/Fairmont Insurance Services employee (premium auditor) will contact you for an appointment to visit your office, review your accounting records and complete the audit.
2. An employee of an independent premium auditing firm will contact you for an appointment to visit your office, review your accounting records and complete the audit.
3. You will be requested to fill out a form that will be mailed to you.

What are the different variables that will be audited?

Based on your operations, any or all of the following items will be audited:

1. Sales – this is normally measured in dollars or gallons and depends on the operations.
2. Remuneration (Payroll)
3. Amount you paid to sub contractors.

For additional information contact your agent or the
AMC/Fairmont Insurance Services Premium Audit Department
P.O. Box 2807
Houston, TX 77252-2807
713-954-8373
ssumners@fairmontspecialty.com

TEXAS COMPLAINT NOTICE

IMPORTANT NOTICE

To obtain information or make a complaint:

You may call Crum & Forster's toll-free number for information or to make a complaint at:

1-800-232-7380

You may contact the Texas Department of Insurance to obtain information on companies, coverages, rights or complaints at:

1-800-252-3439

You may write the Texas Department of Insurance:

PO Box 149104
Austin, TX 78714-9104
FAX # (512) 475-1771
Web: <http://www.tdi.state.tx.us>
E-mail: ConsumerProtection@tdi.state.tx.us

PREMIUM OR CLAIM DISPUTES:

Should you have a dispute concerning your premium or about a claim you should contact the agent first. If the dispute is not resolved, you may contact the Texas Department of Insurance.

ATTACH THIS NOTICE TO YOUR POLICY:

This notice is for information only and does not become a part or condition of the attached document.

U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

TEXAS PERSONAL INJURY PROTECTION COVERAGE SELECTION/REJECTION

Policy Number: 5068721475	Policy Effective Date: 01-01-2013
Company: UNITED STATES FIRE INSURANCE COMPANY	
Producer: HERTEL INSURORS GROUP, L.L.P	
Applicant/Named Insured: ADAIR GRAIN, INC.	

Texas law permits you to make certain decisions regarding Personal Injury Protection Coverage. This document briefly describes this coverage and the options available.

You should read this document carefully and contact us or your agent if you have any questions regarding Personal Injury Protection Coverage and your options with respect to this coverage.

This document includes general descriptions of coverage. However, no coverage is provided by this document. You should read your policy and review your Declarations page(s) and/or Schedule(s) for complete information on the coverages you are provided.

Personal Injury Protection Coverage

Personal Injury Protection Coverage provides insurance benefits for medical and funeral expenses, loss of income and replacement services expenses to or for an insured who sustains bodily injury caused by an automobile accident.

Unless rejected, Personal Injury Protection Coverage will be provided at limits of at least \$2,500 for each insured injured in an automobile accident.

Please indicate your choice with respect to Personal Injury Protection Coverage from either **A.** or **B.** as follows:

A. Selection Of Personal Injury Protection Coverage

If you wish to select Personal Injury Protection Coverage, you may do so by initialing next to the appropriate item and signing below:

(Initials)	_____ I select Personal Injury Protection Coverage at the following limit:	
(Choose one):		
(Initials)	Personal Injury Protection Coverage Limits	
_____	\$	2,500
_____		5,000
_____		10,000
_____		25,000
_____		50,000
_____		75,000
_____		100,000
_____		_____ (Other)

OR

B. Rejection Of Personal Injury Protection Coverage

If you wish to reject Personal Injury Protection Coverage, you may do so by initialing and signing below:

(Initials)	
_____	I reject Personal Injury Protection Coverage.

Signature Of Applicant/ Named Insured

Date

THIS ENDORSEMENT IS ATTACHED TO AND MADE PART OF YOUR POLICY IN RESPONSE TO THE DISCLOSURE REQUIREMENTS OF THE TERRORISM RISK INSURANCE ACT. THIS ENDORSEMENT DOES NOT GRANT ANY COVERAGE OR CHANGE THE TERMS AND CONDITIONS OF ANY COVERAGE UNDER THE POLICY.

DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT

SCHEDULE

Terrorism Premium (Certified Acts) \$ N/A

This premium is the total Certified Acts premium attributable to the following Coverage Part(s), Coverage Form(s) and/ or Policy(s):

Additional information, if any, concerning the terrorism premium:

YOU HAVE REJECTED COVERAGE FOR CERTIFIED ACTS OF TERRORISM. THIS POLICY CONTAINS ONE OR MORE EXCLUSIONS THAT APPLY TO SUCH ACTS.

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Disclosure Of Premium

In accordance with the federal Terrorism Risk Insurance Act, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to coverage for terrorist acts certified under the Terrorism Risk Insurance Act. The portion of your premium attributable to such coverage is shown in the Schedule of this endorsement or in the policy Declarations.

B. Disclosure Of Federal Participation In Payment Of Terrorism Losses

The United States Government, Department of the Treasury, will pay a share of terrorism losses insured under the federal program. The federal share equals 85% of that portion of the amount of such insured losses that exceeds the applicable insurer retention. However, if aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31), the Treasury shall not make any payment for any portion of the amount of such losses that exceeds \$100 billion.

C. Cap On Insurer Participation In Payment Of Terrorism Losses

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

Policy Number
5068721475
RENEWAL OF:
5068695861

COMPAC III

COMMON POLICY DECLARATIONS

UNITED STATES FIRE INSURANCE COMPANY

Item 1. Named Insured and Mailing Address

ADAIR GRAIN, INC.
DBA: WEST FERTILIZER CO.
PO BOX 399
WEST TX 76691

Agent Name and Address

HERTEL INSURORS GROUP, L.L.P.
8500 BLUFFSTONE COVE, B201
AUSTIN TX 78759

RETURN TO
COMPANY
IF CANCELLED

Item 2. Policy Period

From: 01-01-2013 To: 01-01-2014

at 12:01 A.M., Standard Time at your mailing address shown above.

Item 3. Business Description: FERTILIZER OPERATIONS

Form of Business: CORPORATION

Item 4. In return for the payment of the premium, and subject to all the terms of this policy, we agree with you to provide the insurance as stated in this policy.

This policy consists of the following coverage parts for which a premium is indicated. Where no premium is shown, there is no coverage. This premium may be subject to adjustment.

Coverage Part(s)	Premium
Commercial Property Coverage Part	\$ 17,164.00
Commercial General Liability Coverage Part	\$ 15,756.00
Commercial Crime Coverage Part	\$ NOT COVERED
Commercial Inland Marine Coverage Part	\$ 11,693.00
Commercial Auto (Business or Truckers) Coverage Part	\$ 17,959.00
Commercial Garage Coverage Part	\$ NOT COVERED
	\$
	\$
	\$

TAX OR SURCHARGE \$ 34.00 **Total Policy Premium** \$ 62,606.00

Direct Bill See Premium Payment Schedule

Client No. 3085221

Audit Period: Annual (unless otherwise stated):

Monthly Quarterly Semi-Annual Other (Describe)

Item 5. Forms and Endorsements

Form(s) and Endorsement(s) made a part of this policy at time of issue:

See Schedule of Forms and Endorsements

Countersigned:

Date: _____ By: _____

Authorized Representative

THIS COMMON POLICY DECLARATION AND THE SUPPLEMENTAL DECLARATION(S), TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PART(S), COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, COMPLETE THE ABOVE NUMBERED POLICY.

Policy Number
5068721475

Crum Forster

**SCHEDULE OF FORMS AND ENDORSEMENTS
UNITED STATES FIRE INSURANCE COMPANY**

Named Insured ADAIR GRAIN, INC.

Effective Date: 01-01-2013
12:01 A.M., Standard Time

Agent Name HERTEL INSURORS GROUP, L.L.P

Agent No. 84577

COMMON POLICY FORMS AND ENDORSEMENTS

FM 101.0.1347	06-10	TEXAS NOTICE
IL 09 85	01-08	DISCLOSURE PURSUANT/TERROR RISK INS ACT
FM 600.0.959	04-94	COMPAC III - DEC
FM 206.0.2	04-94	SCHEDULE OF FORMS AND ENDORSEMENTS
FM 206.0.11	11-08	SIGNATURE PAGE - US FIRE
FM 206.0.3	04-94	SCHEDULE OF LOCATIONS
IL 00 17	11-98	COMMON POLICY CONDITIONS
FM 206.0.8	04-94	SCHEDULE OF TAXES, SURCHARGES OR FEES
FM 600.0.963	04-94	PREMIUM PAYMENT SCHEDULE
IL 00 21	09-08	NUCLEAR ENERGY LIABILITY EXCLUSION ENDT
IL 01 68	09-08	TEXAS CHANGES-DUTIES
IL 01 71	09-07	TEXAS CHANGES-LOSS PAYMENT
IL 02 75	09-07	TEXAS CHANGES-CANC & NONREN
FM600.0.1191	08-05	CYBER RISK EXCLUSION
IL 09 53	01-08	EXCL/CERT ACTS-TERROR; COV/FIRE LOSSES
ILP 001	01-04	US TREASURY DEPT'S OFAC ADVISORY NOTICE

PROPERTY FORMS AND ENDORSEMENTS

CP0003	02-05	DECLARATIONS - COVERAGE SCHEDULE
FM 600.0.960	04-94	COMM PROPERTY COV PART DEC
FM 206.0.4	04-94	SCHEDULE OF MORTGAGE HOLDERS
CP 00 10	06-07	BUILDING & PERSONAL PROPERTY COVERAGE
CP 00 30	06-07	BUSINESS INCOME COVERAGE (&/EX EXP)
CP 00 90	07-88	COMMERCIAL PROPERTY CONDITIONS
CP 01 42	01-11	TEXAS CHANGES
CP 01 63	10-05	TEXAS MOD LIMITATIONS FUNGUS/WET/DRY ROT
CP 01 40	07-06	EXCL OF LOSS DUE TO VIRUS OR BACTERIA
CP 10 30	06-07	CAUSES OF LOSS - SPECIAL FORM
CP 10 32	08-08	WATER EXCLUSION ENDORSEMENT
CP 12 18	06-07	LOSS PAYABLE PROVISIONS
CP 13 10	04-02	VALUE REPORTING FORM
CP 15 10	06-07	ORDINARY PAYROLL LIMITATION OR EXCLUSION
FM60001284	03-11	PROPERTY COVERAGE EXTENSION ENDORSEMENT
FM60001286	08-11	PROP COV EXT SUPPL SCHED - DELUXE

GENERAL LIABILITY FORMS AND ENDORSEMENTS

CG 00 01	12-07	COMMERCIAL GENERAL LIABILITY COV FORM
CG 00 68	05-09	RECRDG AND DISTRB OF MATRL OR INFO EXCL
FM10101252	10-05	ABSOLUTE ASBESTOS EXCLUSION
FM10101404	07-01	COMM GL COV PART SUPP DECLARATION
FM10101405	04-94	COMM GL COV PART SUPP DECLARATION
FM 206.0.5	04-94	CUSTOMER'S PROPERTY IN YOUR CARE, CUSTODY
CG 01 03	06-06	TX CHANGES-CONDITIONS REQUIRING NOTICE
CG 01 56	10-01	TX CHANGES-PESTICIDE AND HERBICIDE-CGL
CG 03 00	01-96	DEDUCTIBLE LIABILITY INSURANCE
CG 20 26	07-04	ADDL INSD-DESIGNATED PERSON/ORGANIZATION
CG 20 28	07-04	ADDL INSD-LESSOR OF LEASED EQUIPMENT
CG 21 67	12-04	FUNGI OR BACTERIA EXCLUSION
CG 21 73	01-08	EXCLUSION OF CERTIFIED ACTS OF TERRORISM
CG 21 75	06-08	EXCL CERTIF ACTS OF TERR & OTHR ACT O/S
CG 26 39	12-07	TX CHANGES-EMPLOY RELATED PRACTICES EXCL
FM10101968	12-01	AMENDMENT/PERS & ADVERTISING INJ EXCL C.
FM10102167	05-04	ABSOLUTE SILICA EXCLUSION
FM 600.0.955	03-08	LEAD EXCLUSION
CG 21 16	07-98	EXCL-DESIGNATED PROFESSIONAL SERVICES
CG 22 66	11-85	MISDELIVERY OF LIQUID PRODUCTS COVERAGE

Policy Number
5068721475

Crum Forster

**SCHEDULE OF FORMS AND ENDORSEMENTS
UNITED STATES FIRE INSURANCE COMPANY**

Named Insured ADAIR GRAIN, INC.

Effective Date: 01-01-2013
12:01 A.M., Standard Time

Agent Name HERTEL INSURORS GROUP, L.L.P

Agent No. 84577

FM10101463 04-94 NOTICE OF DISCLOSURE LEAD EXCLUSION-TX

INLAND MARINE FORMS AND ENDORSEMENTS

CM 00 01	09-04	COMMERCIAL IM CONDITIONS
FM 300.0.907	04-94	INLAND MARINE SUPP COV PART DEC
FM 206.0.5	04-94	LOSS PAYEE - INLAND MARINE
FM 206.0.5	04-94	DEDUCTIBLES
CM 01 12	01-11	TX CHANGES
FM 300.0.811	12-95	MISC COV FORM DEC
FM 300.0.1004	12-95	TX - CONTRACTOR'S EQPT FORM DEC

AUTOMOBILE FORMS AND ENDORSEMENTS

CA 23 84	01-06	EXCLUSION OF TERRORISM
CA 23 94	03-06	SILICA/SILICA-RELATED EXCL FOR COVRD AU
FM 114.0.1116	03-10	BUSINESS AUTO POLICY - DEC
FM 114.0.1116A	06-10	SCHEDULE OF HIRED/BORROWED COVERED AUTOS
FM 114.0.1116B	06-98	SCHEDULE OF COVERED AUTOS YOU OWN
CA 00 01	03-10	BUSINESS AUTO COVERAGE FORM
CA 01 96	03-10	TEXAS CHANGES
CA 21 09	01-11	TX UNINSURED/UNDERINSURED MOTORISTS COV
CA 02 43	03-01	TX CHANGES - CANCELLATION AND NONRENEWAL
CA 22 64	07-08	TEXAS PERSONAL INJURY PROTECTION ENDT
CA 23 36	11-01	TEXAS FORM F-1 UNIFORM COMM MOTOR VEH
CA 99 95	12-01	TEXAS SUPPLEMENTARY DEATH BENEFIT
CA U 005	01-11	TX-UM/UIM COV SELECTION/REJECTION

**United States Fire Insurance Company
A Delaware Corporation
Home Office: Wilmington, DE**

(A Capital Stock Company)

SIGNATURE

Handwritten signature of Douglas M. Libby in cursive script.

Douglas M. Libby
Chairman & CEO

SIGNATURE

Handwritten signature of James Kraus in cursive script.

James Kraus
Secretary

Policy Number
5068721475

Crum Forster

SCHEDULE OF LOCATIONS
UNITED STATES FIRE INSURANCE COMPANY

Named Insured ADAIR GRAIN, INC.

Effective Date: 01-01-13
12:01 A.M., Standard Time

Agent Name HERTEL INSURORS GROUP, L.L.P

Agent No. 84577

Loc. No.	Bldg. No.	Designated Locations (Address, City, State, Zip Code)	Occupancy
001	001	1307&1471 JERRY MASHEK DR, WEST, TX 76691	OFFICE & SCALE
001	002	1307&1471 JERRY MASHEK DR, WEST, TX 76691	AUGER DUMP/HOIS
001	003	1307&1471 JERRY MASHEK DR, WEST, TX 76691	TANKS & LOADOUT
001	004	1307&1471 JERRY MASHEK DR, WEST, TX 76691	FERT PLANT
001	005	1307&1471 JERRY MASHEK DR, WEST, TX 76691	PLANT & WRHSE
001	006	1307&1471 JERRY MASHEK DR, WEST, TX 76691-0000	OFFICE/WHSE
001	007	1307&1471 JERRY MASHEK DR, WEST, TX 76691-0000	TNK/LG/PIT/EQPM
001	008	1307&1471 JERRY MASHEK DR, WEST, TX 76691-0000	GRAIN BIN/EQPMT
001	009	1307&1471 JERRY MASHEK DR, WEST, TX 76691	GRAIN BIN #2
001	010	1307&1471 JERRY MASHEK DR, WEST, TX 76691	BIN/LEG/AUGER
001	011	1307&1471 JERRY MASHEK DR, WEST, TX 76691	LP TANK
001	012	1307&1471 JERRY MASHEK DR, WEST, TX 76691	WRHSE/TNK/PUMPS
001	013	1307&1471 JERRY MASHEK DR, WEST, TX 76691	FERT SCALE
001	014	1307&1471 JERRY MASHEK DR, WEST, TX 76691-0000	PUMP HOUSE
001	015	1307&1471 JERRY MASHEK DR, WEST, TX 76691-0000	(3) TANKS

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and
 - c. Recommend changes.
2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.
3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.
4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

Policy Number
5068721475

Crum Forster

**SCHEDULE OF TAXES, SURCHARGES OR FEES
UNITED STATES FIRE INSURANCE COMPANY**

Named Insured ADAIR GRAIN, INC.

Effective Date: 01-01-13
12:01 A.M., Standard Time

Agent Name HERTEL INSURORS GROUP, L.L.P

Agent No. 84577

FM 6000959 (cont.)

TAXES/SURCHARGES DETAILED BREAKDOWN :

TX-THEFT PREVENTION SURCHARGE	\$	34.00
TOTAL TAXES/SURCHARGES	\$	34.00

Policy Number
5068721475

Crum Forster

PREMIUM PAYMENT SCHEDULE

UNITED STATES FIRE INSURANCE COMPANY

Named Insured ADAIR GRAIN, INC.

Effective Date: 01-01-13

12:01 A.M., Standard Time

Agent Name HERTEL INSURORS GROUP, L.L.P

Agent No. 84577

	DUE	SERVICE CHARGE	PREMIUM	SURCHARGE	REVISED INSTALLMENT TOTAL
DEPOSIT	01/01/2013		\$ 15,644.00	\$ 34.00	\$ 15,678.00
INSTALL	02/01/2013		\$ 5,866.00		\$ 5,866.00
INSTALL	03/01/2013		\$ 5,866.00		\$ 5,866.00
INSTALL	04/01/2013		\$ 5,866.00		\$ 5,866.00
INSTALL	05/01/2013		\$ 5,866.00		\$ 5,866.00
INSTALL	06/01/2013		\$ 5,866.00		\$ 5,866.00
INSTALL	07/01/2013		\$ 5,866.00		\$ 5,866.00
INSTALL	08/01/2013		\$ 5,866.00		\$ 5,866.00
INSTALL	09/01/2013		\$ 5,866.00		\$ 5,866.00

Failure to pay the Installment Premium by the Date Due shown shall constitute non-payment of premium for which we may cancel this policy.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

NUCLEAR ENERGY LIABILITY EXCLUSION ENDORSEMENT

(Broad Form)

This endorsement modifies insurance provided under the following:

COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

1. The insurance does not apply:
 - A. Under any Liability Coverage, to "bodily injury" or "property damage":
 - (1) With respect to which an "insured" under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters, Nuclear Insurance Association of Canada or any of their successors, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or
 - (2) Resulting from the "hazardous properties" of "nuclear material" and with respect to which **(a)** any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or **(b)** the "insured" is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.
 - B. Under any Medical Payments coverage, to expenses incurred with respect to "bodily injury" resulting from the "hazardous properties" of "nuclear material" and arising out of the operation of a "nuclear facility" by any person or organization.
 - C. Under any Liability Coverage, to "bodily injury" or "property damage" resulting from "hazardous properties" of "nuclear material", if:
 - (1) The "nuclear material" **(a)** is at any "nuclear facility" owned by, or operated by or on behalf of, an "insured" or **(b)** has been discharged or dispersed therefrom;
 - (2) The "nuclear material" is contained in "spent fuel" or "waste" at any time possessed, handled, used, processed, stored, transported or disposed of, by or on behalf of an "insured"; or
 - (3) The "bodily injury" or "property damage" arises out of the furnishing by an "insured" of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any "nuclear facility", but if such facility is located within the United States of America, its territories or possessions or Canada, this exclusion **(3)** applies only to "property damage" to such "nuclear facility" and any property thereat.
2. As used in this endorsement:

"Hazardous properties" includes radioactive, toxic or explosive properties.

"Nuclear material" means "source material", "special nuclear material" or "by-product material".

"Source material", "special nuclear material", and "by-product material" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof.

"Spent fuel" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a "nuclear reactor".

"Waste" means any waste material **(a)** containing "by-product material" other than the tailings or wastes produced by the extraction or concentration of uranium or thorium from any ore processed primarily for its "source material" content, and **(b)** resulting from the operation by any person or organization of any "nuclear facility" included under the first two paragraphs of the definition of "nuclear facility".

"Nuclear facility" means:

- (a)** Any "nuclear reactor";
- (b)** Any equipment or device designed or used for **(1)** separating the isotopes of uranium or plutonium, **(2)** processing or utilizing "spent fuel", or **(3)** handling, processing or packaging "waste";

(c) Any equipment or device used for the processing, fabricating or alloying of "special nuclear material" if at any time the total amount of such material in the custody of the "insured" at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235;

(d) Any structure, basin, excavation, premises or place prepared or used for the storage or disposal of "waste";

and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations.

"Nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material.

"Property damage" includes all forms of radioactive contamination of property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS CHANGES – DUTIES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART

The following is added to the **Duties** Condition.

We will notify the first Named Insured in writing of:

1. An initial offer to compromise or settle a claim made or "suit" brought against any insured under this coverage. The notice will be given not later than the 10th day after the date on which the offer is made.
2. Any settlement of a claim made or "suit" brought against the insured under this coverage. The notice will be given not later than the 30th day after the date of the settlement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS CHANGES – LOSS PAYMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART

A. Loss Payment

1. With respect to the Crime And Fidelity Coverage Part and Equipment Breakdown Coverage Part, the following conditions are added.
2. With respect to the Commercial Inland Marine Coverage Part, the following conditions replace Item **E. Loss Payment** in the Commercial Inland Marine Loss Conditions:

a. Claims Handling

- (1) Within 15 days after we receive written notice of claim, we will:
 - (a) Acknowledge receipt of the claim. If we do not acknowledge receipt of the claim in writing, we will keep a record of the date, method and content of the acknowledgment;
 - (b) Begin any investigation of the claim; and
 - (c) Request a signed, sworn proof of loss, specify the information you must provide and supply you with the necessary forms. We may request more information at a later date, if during the investigation of the claim such additional information is necessary.

(2) We will notify you in writing as to whether:

- (a) The claim or part of the claim will be paid;
- (b) The claim or part of the claim has been denied, and inform you of the reasons for denial;
- (c) More information is necessary; or
- (d) We need additional time to reach a decision. If we need additional time, we will inform you of the reasons for such need.

We will provide notification, as described in **(2)(a)** through **(2)(d)** above, within:

- (i) 15 business days after we receive the signed, sworn proof of loss and all information we requested; or
- (ii) 30 days after we receive the signed, sworn proof of loss and all information we requested, if we have reason to believe the loss resulted from arson.

If we have notified you that we need additional time to reach a decision, we must then either approve or deny the claim within 45 days of such notice.

b. We will pay for covered loss or damage within 5 business days after:

- (1)** We have notified you that payment of the claim or part of the claim will be made and have reached agreement with you on the amount of loss; or
- (2)** An appraisal award has been made.

However, if payment of the claim or part of the claim is conditioned on your compliance with any of the terms of this policy, we will make payment within 5 business days after the date you have complied with such terms.

c. Catastrophe Claims

If a claim results from a weather related catastrophe or a major natural disaster, the claim handling and claim payment deadlines described in **a.** and **b.** above are extended for an additional 15 days.

Catastrophe or Major Natural Disaster means a weather related event which is:

- (1)** Declared a disaster under the Texas Disaster Act of 1975; or
- (2)** Determined to be a catastrophe by the State Board of Insurance.

d. The term "business day", as used in this endorsement, means a day other than Saturday, Sunday or a holiday recognized by the state of Texas.

B. With respect to the Commercial Inland Marine Coverage Part the following is added:

We will not be liable for any part of a "loss" that has been paid or made good by others.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS CHANGES – CANCELLATION AND NONRENEWAL PROVISIONS FOR CASUALTY LINES AND COMMERCIAL PACKAGE POLICIES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY
FARM COVERAGE PART – FARM LIABILITY COVERAGE FORM
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

This endorsement also modifies insurance provided under the following when written as part of a Commercial Package Policy:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART – FARM LIABILITY COVERAGE FORM
FARM COVERAGE PART – LIVESTOCK COVERAGE FORM
FARM COVERAGE PART – MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM
GLASS COVERAGE FORM
LIQUOR LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

- A.** Paragraph **2.** of the **Cancellation** Common Policy Condition is replaced by the following:
- 2.** We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, stating the reason for cancellation, at least 10 days before the effective date of cancellation.

However if this policy covers a condominium association, and the condominium property contains at least one residence or the condominium declarations conform with the Texas Uniform Condominium Act, then the notice of cancellation, as described above, will be provided to the First Named Insured 30 days before the effective date of cancellation. We will also provide 30 days' written notice to each unit-owner to whom we issued a certificate or memorandum of insurance, by mailing or delivering the notice to each last mailing address known to us.

The permissible reasons for cancellation are as follows:

- a. If this policy has been in effect for 60 days or less, we may cancel for any reason except, that under the provisions of the Texas Insurance Code, we may not cancel this policy solely because the policyholder is an elected official.
- b. If this policy has been in effect for more than 60 days, or if it is a renewal or continuation of a policy issued by us, we may cancel only for one or more of the following reasons:
 - (1) Fraud in obtaining coverage;
 - (2) Failure to pay premiums when due;
 - (3) An increase in hazard within the control of the insured which would produce an increase in rate;
 - (4) Loss of our reinsurance covering all or part of the risk covered by the policy; or
 - (5) If we have been placed in supervision, conservatorship or receivership and the cancellation is approved or directed by the supervisor, conservator or receiver.

B. The following condition is added and supersedes any provision to the contrary:

NONRENEWAL

1. We may elect not to renew this policy except, that under the provisions of the Texas Insurance Code, we may not refuse to renew this policy solely because the policyholder is an elected official.

2. This Paragraph, **2.**, applies unless the policy qualifies under Paragraph **3.** below.

If we elect not to renew this policy, we may do so by mailing or delivering to the first Named Insured, at the last mailing address known to us, written notice of nonrenewal, stating the reason for nonrenewal, at least 60 days before the expiration date. If notice is mailed or delivered less than 60 days before the expiration date, this policy will remain in effect until the 61st day after the date on which the notice is mailed or delivered. Earned premium for any period of coverage that extends beyond the expiration date will be computed pro rata based on the previous year's premium.

3. If this policy covers a condominium association, and the condominium property contains at least one residence or the condominium declarations conform with the Texas Uniform Condominium Act, then we will mail or deliver written notice of nonrenewal, at least 30 days before the expiration or anniversary date of the policy, to:

- a. The first Named Insured; and
- b. Each unit-owner to whom we issued a certificate or memorandum of insurance.

We will mail or deliver such notice to each last mailing address known to us.

4. If notice is mailed, proof of mailing will be sufficient proof of notice.
5. The transfer of a policyholder between admitted companies within the same insurance group is not considered a refusal to renew.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CYBER RISK EXCLUSION

This endorsement modifies insurance provided under the following:

**BOILER AND MACHINERY COVERAGE PART
COMMERCIAL CRIME COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART**

The following is an addition to the Perils Excluded Section.

Cyber Risk Exclusion

The Company will not pay for Damage or Consequential loss directly or indirectly caused by, consisting of, or arising from:

1. Any functioning or malfunctioning of the internet or similar facility, or of any intranet or private network or similar facility,
2. Any corruption, destruction, distortion, erasure or other loss or damage to data, software, or any kind of programming or instruction set,
3. Loss of use or functionality whether partial or entire of data, coding, program, software, any computer or computer system or other device dependent upon any microchip or embedded logic, and any ensuing liability or failure of the Insured to conduct business.

This endorsement shall not exclude subsequent Damage or Consequential loss, not otherwise excluded, which itself results from a defined Peril. Defined Peril shall mean: Fire, Lightning, Explosion, Aircraft or Vehicle Impact, Falling Objects, Windstorm, Hail, Tornado, Cyclone, Hurricane, Earthquake, Volcano, Tsunami, Flood, Freeze or Weight of Snow.

This endorsement shall not act to increase or broaden coverage afforded by this policy.

Such Damage or Consequential loss described in 1, 2, or 3 above is excluded, regardless of any other cause that contributed concurrently or in any other sequence.

All other terms, conditions and exclusions of this policy remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 STANDARD PROPERTY POLICY

SCHEDULE

The **Exception Covering Certain Fire Losses** (Paragraph **C**) applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:

State(s)	Coverage Form, Coverage Part Or Policy
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. The following definition is added with respect to the provisions of this endorsement:

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

B. The following exclusion is added:

CERTIFIED ACT OF TERRORISM EXCLUSION

We will not pay for loss or damage caused directly or indirectly by a "certified act of terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

C. Exception Covering Certain Fire Losses

The following exception to the exclusion in Paragraph **B.** applies only if indicated and as indicated in the Schedule of this endorsement.

If a "certified act of terrorism" results in fire, we will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements which apply to those forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a Program Year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

D. Application Of Other Exclusions

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

THIS SCHEDULE IS A PART OF THE DECLARATIONS, SHOWS THE COVERAGES PROVIDED, LIMITS OF INSURANCE, AND TERMS WHICH MAKE APPLICABLE CERTAIN POLICY CONDITIONS.

LOC. #	BLDG #	LIMIT OF INSURANCE	COVERAGE
001	001	\$ 1,000	STOCK
001	001	\$ 1,000	BUSINESS INCOME
001	003	\$ 100,000	STOCK
001	004	\$ 150,000	STOCK
001	005	\$ 200,000	STOCK
001	006	\$ 410,000	STOCK
001	007	\$ 800,000	STOCK
001	008	\$ 150,000	STOCK
001	009	\$ 200,000	STOCK
001	010	\$ 534,000	STOCK
001	011	\$ 1,000	STOCK
001	012	\$ 35,000	STOCK
001	015	\$ 50,000	STOCK

Policy Number
5068721475

Crum Forster

COMMERCIAL PROPERTY COVERAGE PART
SUPPLEMENTAL DECLARATIONS
UNITED STATES FIRE INSURANCE COMPANY

Named Insured ADAIR GRAIN, INC.

Effective Date: 01-01-13
12:01 A.M., Standard Time

Agent Name HERTEL INSURORS GROUP, L.L.P.

Agent No. 84577

Item 1. Business Description: FERTILIZER OPERATIONS

Item 2. Premises Described:

See Schedule of Locations

Item 3. \$250 Deductible unless otherwise indicated.

Item 4. Coverage Provided

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
001	001	BUILDING FRAME	\$ 171,974	SPECIAL	90

Other Provisions

Agreed Value: Expires: Replacement Cost
 Business Income Indemnity: Monthly Limit: Period: Maximum Inflation Guard: %
 Reporting Extended
Deductible: 5,000 Earthquake Deductible: % Exceptions

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
		BLANKET BUS. PERSONAL PROPERTY FRAME	\$ 2,631,000	SPECIAL	MR

Other Provisions

Agreed Value: Expires: Replacement Cost
 Business Income Indemnity: Monthly Limit: Period: Maximum Inflation Guard: %
 Reporting MONTHLY Extended
Deductible: 5,000 Earthquake Deductible: % Exceptions
LOCATIONS: SEE BLANKET SCHEDULE

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
001	001	BUSINESS PERS PROP FRAME	\$ 20,000	SPECIAL	90

Other Provisions

Agreed Value: Expires: Replacement Cost
 Business Income Indemnity: Monthly Limit: Period: Maximum Inflation Guard: %
 Reporting Extended
Deductible: 5,000 Earthquake Deductible: % Exceptions

Item 5. Forms and Endorsements

Form(s) and Endorsement(s) made a part of this policy at time of issue:

See Schedule of Forms and Endorsements

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

Policy Number
5068721475

Crum Forster

**COMMERCIAL PROPERTY COVERAGE PART
EXTENSION OF SUPPLEMENTAL DECLARATIONS
UNITED STATES FIRE INSURANCE COMPANY**

Named Insured ADAIR GRAIN, INC.

Effective Date: 01-01-13
12:01 A.M., Standard Time

Agent Name HERTEL INSURORS GROUP, L.L.P

Agent No. 84577

Item 4. Coverage Provided (applies only when limit is shown below)

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
		BUS INC OTHER THAN RENTAL FRAME	\$ 1,000	SPECIAL	90

Other Provisions

Agreed Value: Expires: Replacement Cost
 Business Income Indemnity: Monthly Limit: Period: Maximum Inflation Guard: %
 Reporting Extended
Deductible: Earthquake Deductible: % Exceptions
LOCATIONS: SEE BLANKET SCHEDULE

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
001	002	BUILDING NON-COMBUSTIBLE	\$ 25,000	SPECIAL	90

Other Provisions

Agreed Value: Expires: Replacement Cost
 Business Income Indemnity: Monthly Limit: Period: Maximum Inflation Guard: %
 Reporting Extended
Deductible: 5,000 Earthquake Deductible: % Exceptions

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
001	003	BUILDING NON-COMBUSTIBLE	\$ 65,000	SPECIAL	90

Other Provisions

Agreed Value: Expires: Replacement Cost
 Business Income Indemnity: Monthly Limit: Period: Maximum Inflation Guard: %
 Reporting Extended
Deductible: 5,000 Earthquake Deductible: % Exceptions

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
001	004	BUILDING NON-COMBUSTIBLE	\$ 86,000	SPECIAL	90

Other Provisions

Agreed Value: Expires: Replacement Cost
 Business Income Indemnity: Monthly Limit: Period: Maximum Inflation Guard: %
 Reporting Extended
Deductible: 5,000 Earthquake Deductible: % Exceptions

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

Policy Number
5068721475

Crum Forster

**COMMERCIAL PROPERTY COVERAGE PART
EXTENSION OF SUPPLEMENTAL DECLARATIONS
UNITED STATES FIRE INSURANCE COMPANY**

Named Insured ADAIR GRAIN, INC.

Effective Date: 01-01-13
12:01 A.M., Standard Time

Agent Name HERTEL INSURORS GROUP, L.L.P

Agent No. 84577

Item 4. Coverage Provided (applies only when limit is shown below)

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
001	005	BUILDING FRAME	\$ 192,400	SPECIAL	90

Other Provisions

Agreed Value: Expires: Replacement Cost
 Business Income Indemnity: Monthly Limit: Period: Maximum Inflation Guard: %
 Reporting Extended
Deductible: 5,000 Earthquake Deductible: % Exceptions

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
001	006	BUILDING FRAME	\$ 237,952	SPECIAL	90

Other Provisions

Agreed Value: Expires: Replacement Cost
 Business Income Indemnity: Monthly Limit: Period: Maximum Inflation Guard: %
 Reporting Extended
Deductible: 5,000 Earthquake Deductible: % Exceptions

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
001	006	BUSINESS PERS PROP FRAME	\$ 40,000	SPECIAL	90

Other Provisions

Agreed Value: Expires: Replacement Cost
 Business Income Indemnity: Monthly Limit: Period: Maximum Inflation Guard: %
 Reporting Extended
Deductible: 5,000 Earthquake Deductible: % Exceptions

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
001	007	BUILDING NON-COMBUSTIBLE	\$ 600,000	SPECIAL	90

Other Provisions

Agreed Value: Expires: Replacement Cost
 Business Income Indemnity: Monthly Limit: Period: Maximum Inflation Guard: %
 Reporting Extended
Deductible: 5,000 Earthquake Deductible: % Exceptions

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

Policy Number
5068721475

Crum Forster

**COMMERCIAL PROPERTY COVERAGE PART
EXTENSION OF SUPPLEMENTAL DECLARATIONS
UNITED STATES FIRE INSURANCE COMPANY**

Named Insured ADAIR GRAIN, INC.

Effective Date: 01-01-13
12:01 A.M., Standard Time

Agent Name HERTEL INSURORS GROUP, L.L.P

Agent No. 84577

Item 4. Coverage Provided (applies only when limit is shown below)

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
001	008	BUILDING NON-COMBUSTIBLE	\$ 65,000	SPECIAL	90

Other Provisions

Agreed Value: Expires: Replacement Cost
 Business Income Indemnity: Monthly Limit: Period: Maximum Inflation Guard: %
 Reporting Extended
Deductible: 5,000 Earthquake Deductible: % Exceptions

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
001	009	BUILDING NON-COMBUSTIBLE	\$ 110,000	SPECIAL	90

Other Provisions

Agreed Value: Expires: Replacement Cost
 Business Income Indemnity: Monthly Limit: Period: Maximum Inflation Guard: %
 Reporting Extended
Deductible: 5,000 Earthquake Deductible: % Exceptions

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
001	010	BUILDING FRAME	\$ 85,000	SPECIAL	90

Other Provisions

Agreed Value: Expires: Replacement Cost
 Business Income Indemnity: Monthly Limit: Period: Maximum Inflation Guard: %
 Reporting Extended
Deductible: 5,000 Earthquake Deductible: % Exceptions

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
001	011	BUILDING NON-COMBUSTIBLE	\$ 1,040	SPECIAL	90

Other Provisions

Agreed Value: Expires: Replacement Cost
 Business Income Indemnity: Monthly Limit: Period: Maximum Inflation Guard: %
 Reporting Extended
Deductible: 5,000 Earthquake Deductible: % Exceptions

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

Policy Number
5068721475

Crum Forster

**COMMERCIAL PROPERTY COVERAGE PART
EXTENSION OF SUPPLEMENTAL DECLARATIONS
UNITED STATES FIRE INSURANCE COMPANY**

Named Insured ADAIR GRAIN, INC.

Effective Date: 01-01-13
12:01 A.M., Standard Time

Agent Name HERTEL INSURORS GROUP, L.L.P

Agent No. 84577

Item 4. Coverage Provided (applies only when limit is shown below)

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
001	012	BUILDING NON-COMBUSTIBLE	\$ 12,000	SPECIAL	90

Other Provisions

Agreed Value: Expires: Replacement Cost
 Business Income Indemnity: Monthly Limit: Period: Maximum Inflation Guard: %
 Reporting Extended
Deductible: 5,000 Earthquake Deductible: % Exceptions

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
001	012	BUSINESS PERS PROP NON-COMBUSTIBLE	\$ 10,000	SPECIAL	90

Other Provisions

Agreed Value: Expires: Replacement Cost
 Business Income Indemnity: Monthly Limit: Period: Maximum Inflation Guard: %
 Reporting Extended
Deductible: 5,000 Earthquake Deductible: % Exceptions

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
001	013	BUILDING NON-COMBUSTIBLE	\$ 38,000	SPECIAL	90

Other Provisions

Agreed Value: Expires: Replacement Cost
 Business Income Indemnity: Monthly Limit: Period: Maximum Inflation Guard: %
 Reporting Extended
Deductible: 5,000 Earthquake Deductible: % Exceptions

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
001	014	BUILDING FRAME	\$ 10,000	SPECIAL	90

Other Provisions

Agreed Value: Expires: Replacement Cost
 Business Income Indemnity: Monthly Limit: Period: Maximum Inflation Guard: %
 Reporting Extended
Deductible: 5,000 Earthquake Deductible: % Exceptions

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

Policy Number
5068721475

Crum Forster

**COMMERCIAL PROPERTY COVERAGE PART
EXTENSION OF SUPPLEMENTAL DECLARATIONS
UNITED STATES FIRE INSURANCE COMPANY**

Named Insured ADAIR GRAIN, INC.

Effective Date: 01-01-13
12:01 A.M., Standard Time

Agent Name HERTEL INSURORS GROUP, L.L.P

Agent No. 84577

Item 4. Coverage Provided (applies only when limit is shown below)

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
001	015	BUILDING NON-COMBUSTIBLE	\$ 50,000	SPECIAL	90

Other Provisions

Agreed Value: Expires: Replacement Cost
 Business Income Indemnity: Monthly Limit: Period: Maximum Inflation Guard: %
 Reporting Extended
Deductible: 5,000 Earthquake Deductible: % Exceptions

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.

Other Provisions

Agreed Value: Expires: Replacement Cost
 Business Income Indemnity: Monthly Limit: Period: Maximum Inflation Guard: %
 Reporting Extended
Deductible: Earthquake Deductible: % Exceptions

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.

Other Provisions

Agreed Value: Expires: Replacement Cost
 Business Income Indemnity: Monthly Limit: Period: Maximum Inflation Guard: %
 Reporting Extended
Deductible: Earthquake Deductible: % Exceptions

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.

Other Provisions

Agreed Value: Expires: Replacement Cost
 Business Income Indemnity: Monthly Limit: Period: Maximum Inflation Guard: %
 Reporting Extended
Deductible: Earthquake Deductible: % Exceptions

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

Policy Number
5068721475

Crum Forster

**SCHEDULE OF MORTGAGE HOLDER(S)
UNITED STATES FIRE INSURANCE COMPANY**

Named Insured ADAIR GRAIN, INC.

Effective Date: 01-01-13
12:01 A.M., Standard Time

Agent Name HERTEL INSURORS GROUP, L.L.P

Agent No. 84577

Loc. No.	Bldg. No.	Mortgage Holder Name and Mailing Address
001/001		CAPITAL FARM CREDIT PO BOX 20097 WACO, TX USA 76702-0000
001/002		
001/003		
001/004		
001/005		
001/006		
001/007		
001/008		
001/009		
001/010		
001/011		
001/012		
001/013		
001/014		
001/015		

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section **H.**, Definitions.

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, **A.1.**, and limited in **A.2.**, Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

a. Building, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery and
 - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire-extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the building or structure;

(b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. Your Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, consisting of the following unless otherwise specified in the Declarations or on the Your Business Personal Property – Separation Of Coverage form:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

c. Personal Property Of Others that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1) The lowest basement floor; or
 - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns;
 - i. Personal property while airborne or waterborne;
 - j. Bulkheads, pilings, piers, wharves or docks;
 - k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
 - l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;

n. Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, **n.**, does not apply to your "stock" of prepackaged software;

o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;

p. Vehicles or self-propelled machines (including aircraft or watercraft) that:

- (1) Are licensed for use on public roads; or
- (2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;
- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
- (c) Rowboats or canoes out of water at the described premises; or
- (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers;

- q. The following property while outside of buildings:
- (1) Grain, hay, straw or other crops;
 - (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than "stock" of trees, shrubs or plants), all except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

See applicable Causes Of Loss Form as shown in the Declarations.

4. Additional Coverages

a. Debris Removal

- (1) Subject to Paragraphs (3) and (4), we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to:
 - (a) Extract "pollutants" from land or water; or
 - (b) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
 - (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
 - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.
- (4) We will pay up to an additional \$10,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

- (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
- (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$10,000.

(5) Examples

The following examples assume that there is no Coinsurance penalty.

EXAMPLE #1

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 50,000
Amount of Loss Payable:	\$ 49,500
	(\$50,000 – \$500)
Debris Removal Expense:	\$ 10,000
Debris Removal Expense Payable:	\$ 10,000
	(\$10,000 is 20% of \$50,000.)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore the full amount of debris removal expense is payable in accordance with the terms of Paragraph (3).

EXAMPLE #2

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 80,000
Amount of Loss Payable:	\$ 79,500
	(\$80,000 – \$500)
Debris Removal Expense:	\$ 30,000
Debris Removal Expense Payable	
Basic Amount:	\$ 10,500
Additional Amount:	\$ 10,000

The basic amount payable for debris removal expense under the terms of Paragraph **(3)** is calculated as follows: $\$80,000 (\$79,500 + \$500) \times .25 = \$20,000$; capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph **(4)**, because the debris removal expense (\$30,000) exceeds 25% of the loss payable plus the deductible (\$30,000 is 37.5% of \$80,000), and because the sum of the loss payable and debris removal expense ($\$79,500 + \$30,000 = \$109,500$) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$10,000, the maximum payable under Paragraph **(4)**. Thus the total payable for debris removal expense in this example is \$20,500; \$9,500 of the debris removal expense is not covered.

b. Preservation Of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1)** While it is being moved or while temporarily stored at another location; and
- (2)** Only if the loss or damage occurs within 30 days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000, unless a higher limit is shown in the Declarations, for your liability for fire department service charges:

- (1)** Assumed by contract or agreement prior to loss; or
- (2)** Required by local ordinance.

No Deductible applies to this Additional Coverage.

d. Pollutant Clean-up And Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

e. Increased Cost Of Construction

- (1)** This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.
- (2)** In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with enforcement of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in **e.(3)** through **e.(9)** of this Additional Coverage.
- (3)** The ordinance or law referred to in **e.(2)** of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises, and is in force at the time of loss.

(4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:

- (a) You were required to comply with before the loss, even when the building was undamaged; and
- (b) You failed to comply with.

(5) Under this Additional Coverage, we will not pay for:

- (a) The enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
- (b) Any costs associated with the enforcement of an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

(6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of: \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

(7) With respect to this Additional Coverage:

- (a) We will not pay for the Increased Cost of Construction:
 - (i) Until the property is actually repaired or replaced, at the same or another premises; and

- (ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

- (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the same premises.

- (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the new premises.

(8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion, to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.

(9) The costs addressed in the Loss Payment and Valuation Conditions, and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of an ordinance or law. The amount payable under this Additional Coverage, as stated in e.(6) of this Additional Coverage, is not subject to such limitation.

f. Electronic Data

(1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data.

(2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.

- (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:
- (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.
 - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.
 - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.
- (4) The most we will pay under this Additional Coverage, Electronic Data, is \$2,500 for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more, or a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

a. Newly Acquired Or Constructed Property

(1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
 - (i) Similar use as the building described in the Declarations; or
 - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

(2) Your Business Personal Property

- (a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:
 - (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;
 - (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or
 - (iii) Business personal property that you newly acquire, located at the described premises.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

- (b) This Extension does not apply to:
 - (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
 - (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period Of Coverage

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

b. Personal Effects And Property Of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

c. Valuable Papers And Records (Other Than Electronic Data)

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.
- (2) If the Causes Of Loss – Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.
- (3) If the Causes Of Loss – Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.
- (4) Under this Extension, the most we will pay to replace or restore the lost information is \$2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and therefore coverage of such costs is not additional insurance.

d. Property Off-premises

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
 - (a) Temporarily at a location you do not own, lease or operate;
 - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
 - (c) At any fair, trade show or exhibition.

- (2) This Extension does not apply to property:
 - (a) In or on a vehicle; or
 - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$10,000.

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

f. Non-owned Detached Trailers

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
 - (a) The trailer is used in your business;
 - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
 - (c) You have a contractual responsibility to pay for loss or damage to the trailer.

- (2) We will not pay for any loss or damage that occurs:
 - (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
 - (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.
- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

B. Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

C. Limits Of Insurance

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is \$2,500 per sign in any one occurrence.

The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage:

- 1. Fire Department Service Charge;
- 2. Pollutant Clean-up And Removal;
- 3. Increased Cost Of Construction; and
- 4. Electronic Data.

Payments under the Preservation Of Property Additional Coverage will not increase the applicable Limit of Insurance.

D. Deductible

In any one occurrence of loss or damage (herein after referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss, and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

EXAMPLE #1

(This example assumes there is no Coinsurance penalty.)

Deductible:	\$ 250
Limit of Insurance – Building #1:	\$ 60,000
Limit of Insurance – Building #2:	\$ 80,000
Loss to Building #1:	\$ 60,100
Loss to Building #2:	\$ 90,000

The amount of loss to Building #1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Building #1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building #1:

\$ 60,100
– 250
<hr/>
\$ 59,850 Loss Payable – Building #1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building #2. Loss payable for Building #2 is the Limit of Insurance of \$80,000.

Total amount of loss payable:
\$59,850 + \$80,000 = \$139,850

EXAMPLE #2

(This example, too, assumes there is no Coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example #1.

Loss to Building #1:	\$ 70,000
(Exceeds Limit of Insurance plus Deductible)	
Loss to Building #2:	\$ 90,000
(Exceeds Limit of Insurance plus Deductible)	
Loss Payable – Building #1:	\$ 60,000
(Limit of Insurance)	
Loss Payable – Building #2:	\$ 80,000
(Limit of Insurance)	
Total amount of loss payable:	\$ 140,000

E. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- Pay its chosen appraiser; and
- Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties In The Event Of Loss Or Damage

a. You must see that the following are done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (8) Cooperate with us in the investigation or settlement of the claim.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

4. Loss Payment

a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:

- (1) Pay the value of lost or damaged property;
- (2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;
- (3) Take all or any part of the property at an agreed or appraised value; or
- (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.

- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d. We will not pay you more than your financial interest in the Covered Property.
- e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:
 - (1) We have reached agreement with you on the amount of loss; or
 - (2) An appraisal award has been made.

h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

6. Vacancy

a. Description Of Terms

(1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in **(1)(a)** and **(1)(b)** below:

(a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

(b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

(i) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or

(ii) Used by the building owner to conduct customary operations.

(2) Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

(1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

(a) Vandalism;

(b) Sprinkler leakage, unless you have protected the system against freezing;

(c) Building glass breakage;

(d) Water damage;

(e) Theft; or

(f) Attempted theft.

(2) With respect to Covered Causes of Loss other than those listed in **b.(1)(a)** through **b.(1)(f)** above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

7. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

a. At actual cash value as of the time of loss or damage, except as provided in **b.**, **c.**, **d.** and **e.** below.

b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

However, the following property will be valued at the actual cash value even when attached to the building:

- (1) Awnings or floor coverings;
 - (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
 - (3) Outdoor equipment or furniture.
- c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- d. Glass at the cost of replacement with safety-glazing material if required by law.
- e. Tenants' Improvements and Betterments at:
- (1) Actual cash value of the lost or damaged property if you make repairs promptly.
 - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
 - (3) Nothing if others pay for repairs or replacement.

F. Additional Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies.

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

EXAMPLE #1 (UNDERINSURANCE)

When:	The value of the property is:	\$ 250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$ 100,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000

Step (1): $\$250,000 \times 80\% = \$200,000$
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$100,000 \div \$200,000 = .50$

Step (3): $\$40,000 \times .50 = \$20,000$

Step (4): $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

EXAMPLE #2 (ADEQUATE INSURANCE)

When: The value of the property is:	\$ 250,000
The Coinsurance percentage for it is:	80%
The Limit of Insurance for it is:	\$ 200,000
The Deductible is:	\$ 250
The amount of loss is:	\$ 40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 (\$250,000 x 80%). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$39,750 (\$40,000 amount of loss minus the deductible of \$250).

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

EXAMPLE #3

When: The value of the property is:	
Building at Location #1:	\$ 75,000
Building at Location #2:	\$ 100,000
Personal Property at Location #2:	<u>\$ 75,000</u>
	\$ 250,000
The Coinsurance percentage for it is:	90%
The Limit of Insurance for Buildings and Personal Property at Locations #1 and #2 is:	\$ 180,000
The Deductible is:	\$ 1,000
The amount of loss is:	
Building at Location #2:	\$ 30,000
Personal Property at Location #2:	<u>\$ 20,000</u>
	\$ 50,000

Step (1): $\$250,000 \times 90\% = \$225,000$
(the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2): $\$180,000 \div \$225,000 = .80$

Step (3): $\$50,000 \times .80 = \$40,000$

Step (4): $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

2. Mortgageholders

- a. The term mortgageholder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
 - (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and
 - (2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgageholder at least:
 - (1) 10 days before the effective date of cancellation if we cancel for your non-payment of premium; or
 - (2) 30 days before the effective date of cancellation if we cancel for any other reason.

- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

G. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.
- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
 - (1) On or after the effective date of this Optional Coverage; and
 - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applied will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
 - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
 - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
 - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

EXAMPLE

If: The applicable Limit of Insurance is: \$ 100,000
 The annual percentage increase is: 8%
 The number of days since the beginning of the policy year (or last policy change) is: 146
 The amount of increase is:
 $\$100,000 \times .08 \times 146 \div 365 =$ \$ 3,200

3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition of this Coverage Form.
- b. This Optional Coverage does not apply to:
 - (1) Personal property of others;
 - (2) Contents of a residence;
 - (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or
 - (4) "Stock", unless the Including "Stock" option is shown in the Declarations.

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.

- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.
- d. We will not pay on a replacement cost basis for any loss or damage:
 - (1) Until the lost or damaged property is actually repaired or replaced; and
 - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, the following also apply:

- (3) If the conditions in **d.(1)** and **d.(2)** above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and
 - (4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.
- e.** We will not pay more for loss or damage on a replacement cost basis than the least of **(1)**, **(2)** or **(3)**, subject to **f.** below:
- (1) The Limit of Insurance applicable to the lost or damaged property;
 - (2) The cost to replace the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
 - (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in **e.(2)** above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

- f.** The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

4. Extension Of Replacement Cost To Personal Property Of Others

- a.** If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph **3.b.(1)** of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.

- b.** With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

H. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
3. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F., Definitions.

A. Coverage

1. Business Income

Business Income means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit of Insurance is shown in the Declarations:

- (1) Business Income Including "Rental Value".
- (2) Business Income Other Than "Rental Value".
- (3) "Rental Value".

If option (1) above is selected, the term Business Income will include "Rental Value". If option (3) above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of the site at which the described premises are located.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of the site at which the described premises are located, your premises means:

- (a) The portion of the building which you rent, lease or occupy; and
- (b) Any area within the building or on the site at which the described premises are located, if that area services, or is used to gain access to, the described premises.

2. Extra Expense

- a. Extra Expense Coverage is provided at the premises described in the Declarations only if the Declarations show that Business Income Coverage applies at that premises.
- b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

We will pay Extra Expense (other than the expense to repair or replace property) to:

- (1) Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.
- (2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

3. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

4. Additional Limitation – Interruption Of Computer Operations

- a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage – Interruption Of Computer Operations.
- b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage – Interruption Of Computer Operations.
- c. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.

5. Additional Coverages

a. Civil Authority

In this Additional Coverage – Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and
- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority Coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

Civil Authority Coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

- (1) Four consecutive weeks after the date of that action; or
 - (2) When your Civil Authority Coverage for Business Income ends;
- whichever is later.

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) New buildings or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and

(3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:

- (a) Used in the construction, alterations or additions; or
- (b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

c. Extended Business Income

(1) Business Income Other Than "Rental Value"

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

- (a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and
- (b) Ends on the earlier of:
 - (i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 30 consecutive days after the date determined in (1)(a) above.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

- (a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and
- (b) Ends on the earlier of:
 - (i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 30 consecutive days after the date determined in (2)(a) above.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

d. Interruption Of Computer Operations

- (1) Under this Additional Coverage, electronic data has the meaning described under Additional Limitation – Interruption Of Computer Operations.
- (2) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of electronic data due to a Covered Cause of Loss.

- (3) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:
- (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage – Interruption Of Computer Operations is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.
 - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage – Interruption Of Computer Operations includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage – Interruption Of Computer Operations.
 - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, maintain, repair or replace that system.
- (4) The most we will pay under this Additional Coverage – Interruption of Computer Operations is \$2,500 for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.
- (5) This Additional Coverage – Interruption in Computer Operations does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in (4) above has not been exhausted.

6. Coverage Extension

If a Coinsurance percentage of 50% or more is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

NEWLY ACQUIRED LOCATIONS

- a. You may extend your Business Income and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is \$100,000 at each location.

c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:

- (1) This policy expires;
- (2) 30 days expire after you acquire or begin to construct the property; or
- (3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

The Additional Condition, Coinsurance, does not apply to this Extension.

B. Limits Of Insurance

The most we will pay for loss in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

Payments under the following coverages will not increase the applicable Limit of Insurance:

1. Alterations And New Buildings;
2. Civil Authority;
3. Extra Expense; or
4. Extended Business Income.

The amounts of insurance stated in the Interruption Of Computer Operations Additional Coverage and the Newly Acquired Locations Coverage Extension apply in accordance with the terms of those coverages and are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage.

C. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Loss

a. You must see that the following are done in the event of loss:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when, and where the direct physical loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (7) Cooperate with us in the investigation or settlement of the claim.
 - (8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Loss Determination

- a. The amount of Business Income loss will be determined based on:
 - (1) The Net Income of the business before the direct physical loss or damage occurred;
 - (2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
 - (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
 - (4) Other relevant sources of information, including:
 - (a) Your financial records and accounting procedures;
 - (b) Bills, invoices and other vouchers; and
 - (c) Deeds, liens or contracts.
- b. The amount of Extra Expense will be determined based on:
 - (1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
 - (a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
 - (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
 - (2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

- (1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
- (2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.
- d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:

- a. We have reached agreement with you on the amount of loss; or
- b. An appraisal award has been made.

D. Additional Condition

COINSURANCE

If a Coinsurance percentage is shown in the Declarations, the following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

We will not pay the full amount of any Business Income loss if the Limit of Insurance for Business Income is less than:

- 1. The Coinsurance percentage shown for Business Income in the Declarations; times
- 2. The sum of:
 - a. The Net Income (Net Profit or Loss before income taxes), and
 - b. Operating expenses, including payroll expenses,that would have been earned or incurred (had no loss occurred) by your "operations" at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later).

Instead, we will determine the most we will pay using the following steps:

- Step (1): Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this policy by the Coinsurance percentage;
- Step (2): Divide the Limit of Insurance for the described premises by the figure determined in Step (1); and
- Step (3): Multiply the total amount of loss by the figure determined in Step (2).

We will pay the amount determined in Step (3) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

In determining operating expenses for the purpose of applying the Coinsurance condition, the following expenses, if applicable, shall be deducted from the total of all operating expenses:

- (1) Prepaid freight — outgoing;
- (2) Returns and allowances;
- (3) Discounts;
- (4) Bad debts;
- (5) Collection expenses;
- (6) Cost of raw stock and factory supplies consumed (including transportation charges);
- (7) Cost of merchandise sold (including transportation charges);
- (8) Cost of other supplies consumed (including transportation charges);
- (9) Cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;
- (10) Power, heat and refrigeration expenses that do not continue under contract (if Form CP 15 11 is attached);
- (11) All ordinary payroll expenses or the amount of payroll expense excluded (if Form CP 15 10 is attached); and
- (12) Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion — not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

EXAMPLE #1 (UNDERINSURANCE)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000
The Coinsurance percentage is: 50%
The Limit of Insurance is: \$ 150,000
The amount of loss is: \$ 80,000

Step (1): $\$400,000 \times 50\% = \$200,000$
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$150,000 \div \$200,000 = .75$

Step (3): $\$80,000 \times .75 = \$60,000$

We will pay no more than \$60,000. The remaining \$20,000 is not covered.

EXAMPLE #2 (ADEQUATE INSURANCE)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000
The Coinsurance percentage is: 50%
The Limit of Insurance is: \$ 200,000
The amount of loss is: \$ 80,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$400,000 \times 50\%$). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$80,000 (amount of loss).

This condition does not apply to Extra Expense Coverage.

E. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Maximum Period Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.

- b. The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:
 - (1) The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or
 - (2) The Limit of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.
- b. The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:
 - (1) The Limit of Insurance, multiplied by
 - (2) The fraction shown in the Declarations for this Optional Coverage.

EXAMPLE

When: The Limit of Insurance is:	\$ 120,000
The fraction shown in the Declarations for this Optional Coverage is:	1/4
The most we will pay for loss in each period of 30 consecutive days is:	\$ 30,000
(\$120,000 x 1/4 = \$30,000)	
If, in this example, the actual amount of loss is:	
Days 1–30:	\$ 40,000
Days 31–60:	\$ 20,000
Days 61–90:	\$ 30,000
	\$ 90,000
We will pay:	
Days 1–30:	\$ 30,000
Days 31–60:	\$ 20,000
Days 61–90:	\$ 30,000
	\$ 80,000

The remaining \$10,000 is not covered.

3. Business Income Agreed Value

- a. To activate this Optional Coverage:
 - (1) A Business Income Report/Work Sheet must be submitted to us and must show financial data for your "operations":
 - (a) During the 12 months prior to the date of the Work Sheet; and
 - (b) Estimated for the 12 months immediately following the inception of this Optional Coverage.
 - (2) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:
 - (a) The Coinsurance percentage shown in the Declarations; multiplied by
 - (b) The amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.
- b. The Additional Condition, Coinsurance, is suspended until:
 - (1) 12 months after the effective date of this Optional Coverage; or
 - (2) The expiration date of this policy; whichever occurs first.
- c. We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:
 - (1) Within 12 months of the effective date of this Optional Coverage; or
 - (2) When you request a change in your Business Income Limit of Insurance.
- d. If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more of any loss than the amount of loss multiplied by:
 - (1) The Business Income Limit of Insurance; divided by
 - (2) The Agreed Value.

EXAMPLE

When: The Limit of Insurance is: \$ 100,000
The Agreed Value is: \$ 200,000
The amount of loss is: \$ 80,000

Step (1): $\$100,000 \div \$200,000 = .50$

Step (2): $.50 \times \$80,000 = \$40,000$

We will pay \$40,000. The remaining \$40,000 is not covered.

4. Extended Period Of Indemnity

Under Paragraph **A.5.c., Extended Business Income**, the number 30 in Subparagraphs **(1)(b)** and **(2)(b)** is replaced by the number shown in the Declarations for this Optional Coverage.

F. Definitions

1. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for Business Income in the Declarations.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

2. "Operations" means:
- Your business activities occurring at the described premises; and
 - The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.
3. "Period of restoration" means the period of time that:
- Begins:
 - 72 hours after the time of direct physical loss or damage for Business Income Coverage; or
 - Immediately after the time of direct physical loss or damage for Extra Expense Coverage;
caused by or resulting from any Covered Cause of Loss at the described premises; and
 - Ends on the earlier of:
 - The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or
 - The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:

- Regulates the construction, use or repair, or requires the tearing down, of any property; or
- Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

4. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
5. "Rental Value" means Business Income that consists of:
- Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and
 - Continuing normal operating expenses incurred in connection with that premises, including:
 - Payroll; and
 - The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.
6. "Suspension" means:
- The slowdown or cessation of your business activities; or
 - That a part or all of the described premises is rendered untenable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

B. CONTROL OF PROPERTY

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

C. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

E. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

F. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
 - a. During the policy period shown in the Declarations; and
 - b. Within the coverage territory.
2. The coverage territory is:
 - a. The United States of America (including its territories and possessions);
 - b. Puerto Rico; and
 - c. Canada.

I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property or Covered Income.
2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
 - a. Someone insured by this insurance;
 - b. A business firm:
 - (1) Owned or controlled by you; or
 - (2) That owns or controls you; or
 - c. Your tenant.

This will not restrict your insurance.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

A. When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Coverage Part is replaced by the term Policy.

B. Legal Action Against Us

1. The **Legal Action Against Us** Commercial Property Condition is replaced by the following, except as provided in **B.2.** below:

Legal Action Against Us

No one may bring a legal action against us under this Coverage Part unless:

- a.** There has been full compliance with all of the terms of this Coverage Part; and
- b.** The action is brought within two years and one day from the date the cause of action first accrues. A cause of action accrues on the date of the initial breach of our contractual duties as alleged in the action.

2. Paragraph **B.1.** above does not apply to the Legal Action Against Us Loss Condition in the Legal Liability Coverage Form **CP 00 40**.

C. Appraisal

1. Except as provided in **C.2.** below, the **Appraisal** Loss Condition in the:

BUILDING AND PERSONAL PROPERTY
COVERAGE FORM;
BUILDERS RISK COVERAGE FORM;
CONDOMINIUM ASSOCIATION COVERAGE
FORM;
CONDOMINIUM COMMERCIAL UNIT-
OWNERS COVERAGE FORM;
EXTRA EXPENSE COVERAGE FORM;

LEASEHOLD INTEREST COVERAGE FORM;
TOBACCO SALES WAREHOUSES
COVERAGE FORM; and
STANDARD PROPERTY POLICY

is replaced by the following:

Appraisal

If we and you disagree on the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser and notify the other of the appraiser selected within 20 days of such demand. The two appraisers will select an umpire. If they cannot agree within 15 days upon such umpire, either may request that selection be made by a judge of a court having jurisdiction. Each appraiser will state the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding as to the amount of loss. Each party will:

- a.** Pay its chosen appraiser; and
- b.** Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal:

- a.** You will still retain your right to bring a legal action against us, subject to the provisions of the Legal Action Against Us Commercial Property Condition; and
- b.** We will still retain our right to deny the claim.

2. The **Appraisal** Condition in the:
BUSINESS INCOME (AND EXTRA EXPENSE)
COVERAGE FORM; and
BUSINESS INCOME (WITHOUT EXTRA
EXPENSE) COVERAGE FORM

is replaced by the following:

Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser and notify the other of the appraiser selected within 20 days of such demand. The two appraisers will select an umpire. If they cannot agree within 15 days upon such umpire, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense and the amount of loss.

If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding as to the amount of loss. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal:

- a. You will still retain your right to bring a legal action against us, subject to the provisions of the Legal Action Against Us Commercial Property Condition; and
- b. We will still retain our right to deny the claim.

D. The provision requiring signed, sworn proof of loss in the **Duties In The Event Of Loss Or Damage** Loss Condition is replaced by the following:

Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 91 days after our request. We will supply you with the necessary forms.

E. Under the Loss Payment Condition, the provisions pertaining to notice of our intentions and the time period for payment of claims are deleted and replaced by the following:

1. Claims Handling

a. Within 15 days after we receive written notice of claim, we will:

- (1) Acknowledge receipt of the claim. If we do not acknowledge receipt of the claim in writing, we will keep a record of the date, method and content of the acknowledgment;

- (2) Begin any investigation of the claim; and
- (3) Request a signed, sworn proof of loss, specify the information you must provide and supply you with the necessary forms. We may request more information at a later date, if during the investigation of the claim such additional information is necessary.

b. We will notify you in writing as to whether:

- (1) The claim or part of the claim will be paid;
- (2) The claim or part of the claim has been denied, and inform you of the reasons for denial;
- (3) More information is necessary; or
- (4) We need additional time to reach a decision. If we need additional time, we will inform you of the reasons for such need.

We will provide notification, as described in **b.(1)** through **b.(4)** above, within:

- (1) 15 business days after we receive the signed, sworn proof of loss and all information we requested; or
- (2) 30 days after we receive the signed, sworn proof of loss and all information we requested, if we have reason to believe the loss resulted from arson.

If we have notified you that we need additional time to reach a decision, we must then either approve or deny the claim within 45 days of such notice.

2. We will pay for covered loss or damage within five business days after:

- a. We have notified you that payment of the claim or part of the claim will be made and have reached agreement with you on the amount of loss; or
- b. An appraisal award has been made.

However, if payment of the claim or part of the claim is conditioned on your compliance with any of the terms of this Coverage Part, we will make payment within five business days after the date you have complied with such terms.

The following paragraphs are added:

3. Catastrophe Claims

If a claim results from a weather related catastrophe or a major natural disaster, the claim handling and claim payment deadlines described in **E.1.** and **E.2.** above are extended for an additional 15 days.

Catastrophe or Major Natural Disaster means a weather related event which:

- a. Is declared a disaster under the Texas Disaster Act of 1975; or
- b. Is determined to be a catastrophe by the State Board of Insurance.

4. The term "business day", as used in the Loss Payment Condition, means a day other than Saturday, Sunday or a holiday recognized by the state of Texas.

F. The following is added to the **Valuation** Loss Condition:

Chapter 862 – Subsection 862.053. Policy A Liquidated Demand. A fire insurance policy, in case of total loss by fire of property insured, shall be held and considered to be a liquidated demand against the Company for the full amount of such policy. This subsection does not apply to personal property.

G. Paragraphs **d.** and **f.** of the **Mortgageholders** Additional Condition are replaced by the following:

- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 91 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

f. If this policy is cancelled, we will give the mortgageholder named in the Declarations written notice of cancellation.

If we cancel this policy, we will give written notice to the mortgageholder at least:

- (1) 14 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

If you cancel the policy, we will give the mortgageholder notice of cancellation to be effective on the date stated in the notice. The date of cancellation cannot be before the 10th day after the date we mail the notice.

H. The following is added to Paragraph **D.1.** in the **Duties In The Event Of Accident, Claim Or Suit** Loss Condition in the Legal Liability Coverage Form:

We will notify the first Named Insured in writing of:

- 1. An initial offer to compromise or settle a claim made or "suit" brought against the insured under this coverage. The notice will be given not later than the 10th day after the date on which the offer is made.
- 2. Any settlement of a claim made or "suit" brought against the insured under this coverage. The notice will be given not later than the 30th day after the date of the settlement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS – MODIFIED LIMITATIONS ON FUNGUS, WET ROT, DRY ROT AND BACTERIA

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS – BASIC FORM
CAUSES OF LOSS – BROAD FORM
CAUSES OF LOSS – SPECIAL FORM
STANDARD PROPERTY POLICY

A. The exclusion titled "Fungus", Wet Rot, Dry Rot And Bacteria and the Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria are deleted.

B. The following exclusion is added:

We will not pay for loss or damage caused by or resulting from "fungus", wet or dry rot or bacteria. However, when "fungus" or wet or dry rot is a consequence of a Covered Cause of Loss, we will pay for the loss or damage caused by the "fungus" or wet or dry rot, provided such loss or damage is not otherwise excluded under this policy. This exception to the exclusion does not increase the Limit of Insurance on the affected property.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

- A.** The exclusion set forth in Paragraph **B.** applies to all coverage under all forms and endorsements that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B.** We will not pay for loss or damage caused by or resulting from any virus, bacterium or other micro-organism that induces or is capable of inducing physical distress, illness or disease.

However, this exclusion does not apply to loss or damage caused by or resulting from "fungus", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part or Policy.
- C.** With respect to any loss or damage subject to the exclusion in Paragraph **B.**, such exclusion supersedes any exclusion relating to "pollutants".
- D.** The following provisions in this Coverage Part or Policy are hereby amended to remove reference to bacteria:
 - 1.** Exclusion of "Fungus", Wet Rot, Dry Rot And Bacteria; and
 - 2.** Additional Coverage – Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria, including any endorsement increasing the scope or amount of coverage.
- E.** The terms of the exclusion in Paragraph **B.**, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part or Policy.

CAUSES OF LOSS – SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section **G.**, Definitions.

A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means Risks Of Direct Physical Loss unless the loss is:

1. Excluded in Section **B.**, Exclusions; or
2. Limited in Section **C.**, Limitations;

that follow.

B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance Or Law

The enforcement of any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

- (a) An ordinance or law that is enforced even if the property has not been damaged; or
- (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

- (1) Earthquake, including any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **b.(1)** through **(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

- (1) Originates away from the described premises; or
- (2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

f. War And Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows from a sewer, drain or sump; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings.

But if Water, as described in **g.(1)** through **g.(4)** above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

h. "Fungus", Wet Rot, Dry Rot And Bacteria

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

1. When "fungus", wet or dry rot or bacteria results from fire or lightning; or
2. To the extent that coverage is provided in the Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions **B.1.a.** through **B.1.h.** apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:
 - a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:
 - (1) Electrical or electronic wire, device, appliance, system or network; or
 - (2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- (a) Electrical current, including arcing;
- (b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (c) Pulse of electromagnetic energy; or
- (d) Electromagnetic waves or micro-waves.

But if fire results, we will pay for the loss or damage caused by that fire.

- b. Delay, loss of use or loss of market.
- c. Smoke, vapor or gas from agricultural smudging or industrial operations.
- d. (1) Wear and tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.
- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.
- (7) The following causes of loss to personal property:
 - (a) Dampness or dryness of atmosphere;
 - (b) Changes in or extremes of temperature; or
 - (c) Marring or scratching.

But if an excluded cause of loss that is listed in **2.d.(1)** through **(7)** results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

- e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.
- g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
 - (1) You do your best to maintain heat in the building or structure; or
 - (2) You drain the equipment and shut off the supply if the heat is not maintained.
- h. Dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:
 - (1) Acting alone or in collusion with others; or
 - (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered.
- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.
- j. Rain, snow, ice or sleet to personal property in the open.

k. Collapse, including any of the following conditions of property or any part of the property:

- (1) An abrupt falling down or caving in;
- (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
- (3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, **k.**, does not apply:

- (a) To the extent that coverage is provided under the Additional Coverage – Collapse; or
- (b) To collapse caused by one or more of the following:
 - (i) The "specified causes of loss";
 - (ii) Breakage of building glass;
 - (iii) Weight of rain that collects on a roof; or
 - (iv) Weight of people or personal property.

l. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion, **l.**, does not apply to damage to glass caused by chemicals applied to the glass.

m. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

3. We will not pay for loss or damage caused by or resulting from any of the following, **3.a.** through **3.c.** But if an excluded cause of loss that is listed in **3.a.** through **3.c.** results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph **1.** above to produce the loss or damage.

b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

c. Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) Materials used in repair, construction, renovation or remodeling; or
- (4) Maintenance;

of part or all of any property on or off the described premises.

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Or Extra Expense Coverage Form

We will not pay for:

(1) Any loss caused by or resulting from:

- (a) Damage or destruction of "finished stock"; or
- (b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

(2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.

(3) Any increase of loss caused by or resulting from:

- (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

(b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.

(4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

(5) Any other consequential loss.

b. Leasehold Interest Coverage Form

(1) Paragraph **B.1.a.**, Ordinance Or Law, does not apply to insurance under this Coverage Form.

(2) We will not pay for any loss caused by:

- (a) Your cancelling the lease;
- (b) The suspension, lapse or cancellation of any license; or
- (c) Any other consequential loss.

c. Legal Liability Coverage Form

(1) The following exclusions do not apply to insurance under this Coverage Form:

- (a) Paragraph **B.1.a.**, Ordinance Or Law;
- (b) Paragraph **B.1.c.**, Governmental Action;
- (c) Paragraph **B.1.d.**, Nuclear Hazard;
- (d) Paragraph **B.1.e.**, Utility Services; and
- (e) Paragraph **B.1.f.**, War And Military Action.

(2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

- (i) Your assumption of liability was executed prior to the accident; and
- (ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

5. Additional Exclusion

The following provisions apply only to the specified property.

LOSS OR DAMAGE TO PRODUCTS

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated.

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
 - a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
 - b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
 - c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
 - d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

 - (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
 - (2) Business Income Coverage or Extra Expense Coverage.
 - e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
 - f. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
 - a. Animals, and then only if they are killed or their destruction is made necessary.
 - b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
 - (1) Glass; or
 - (2) Containers of property held for sale.
 - c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.

However, this limitation does not apply:

 - (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or
 - (2) To Business Income Coverage or to Extra Expense Coverage.
3. The special limit shown for each category, **a.** through **d.**, is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are:
 - a. \$2,500 for furs, fur garments and garments trimmed with fur.
 - b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
 - c. \$2,500 for patterns, dies, molds and forms.
 - d. \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, **C.3.**, does not apply to Business Income Coverage or to Extra Expense Coverage.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire-extinguishing equipment if the damage:

- a. Results in discharge of any substance from an automatic fire protection system; or
- b. Is directly caused by freezing.

However, this limitation does not apply to Business Income Coverage or to Extra Expense Coverage.

D. Additional Coverage – Collapse

The coverage provided under this Additional Coverage – Collapse applies only to an abrupt collapse as described and limited in **D.1.** through **D.7.**

1. For the purpose of this Additional Coverage – Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.

2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:

- a. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
- b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
- c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.

d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:

- (1) A cause of loss listed in **2.a.** or **2.b.**;
- (2) One or more of the "specified causes of loss";
- (3) Breakage of building glass;
- (4) Weight of people or personal property; or
- (5) Weight of rain that collects on a roof.

3. This **Additional Coverage – Collapse** does **not** apply to:

- a. A building or any part of a building that is in danger of falling down or caving in;
- b. A part of a building that is standing, even if it has separated from another part of the building; or
- c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

4. With respect to the following property:

- a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
- b. Awnings, gutters and downspouts;
- c. Yard fixtures;
- d. Outdoor swimming pools;
- e. Fences;
- f. Piers, wharves and docks;
- g. Beach or diving platforms or appurtenances;

h. Retaining walls; and

i. Walks, roadways and other paved surfaces;

if an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.**, we will pay for loss or damage to that property only if:

- (1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and
- (2) The property is Covered Property under this Coverage Form.

5. If personal property abruptly falls down or caves in and such collapse is **not** the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:

- a. The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.**;
- b. The personal property which collapses is inside a building; and
- c. The property which collapses is not of a kind listed in **4.**, regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph **5.** does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

6. This Additional Coverage – Collapse does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
7. This Additional Coverage – Collapse will not increase the Limits of Insurance provided in this Coverage Part.
8. The term Covered Cause of Loss includes the Additional Coverage – Collapse as described and limited in **D.1.** through **D.7.**

E. Additional Coverage – Limited Coverage For 'Fungus', Wet Rot, Dry Rot And Bacteria

1. The coverage described in **E.2.** and **E.6.** only applies when the "fungus", wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
 - a. A "specified cause of loss" other than fire or lightning; or
 - b. Flood, if the Flood Coverage Endorsement applies to the affected premises.
2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
 - a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
 - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
 - c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

3. The coverage described under **E.2.** of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph **F.2.** (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss Form or under the Additional Coverage – Collapse.
6. The following, **6.a.** or **6.b.**, applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.

- a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
- b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage Extensions

1. Property In Transit

This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
 - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
 - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.
 - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for loss or damage under this Extension is \$5,000.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

2. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

3. Glass

- a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.
- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension, **F.3.**, does not increase the Limit of Insurance.

G. Definitions

- 1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 2. "Specified causes of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
 - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.

- b.** Falling objects does not include loss or damage to:
 - (1)** Personal property in the open; or
 - (2)** The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.
- c.** Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

WATER EXCLUSION ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

A. The exclusion in Paragraph **B.** replaces the **Water Exclusion** in this Coverage Part or Policy.

B. Water

1. Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
2. Mudslide or mudflow;
3. Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
4. Water under the ground surface pressing on, or flowing or seeping through:
 - a. Foundations, walls, floors or paved surfaces;
 - b. Basements, whether paved or not; or
 - c. Doors, windows or other openings; or
5. Waterborne material carried or otherwise moved by any of the water referred to in Paragraph **1.**, **3.** or **4.**, or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs **1.** through **5.**, is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs **1.** through **5.**, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered Cause of Loss).

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LOSS PAYABLE PROVISIONS

This endorsement modifies insurance provided under the following:

- BUILDING AND PERSONAL PROPERTY COVERAGE FORM
- BUILDERS' RISK COVERAGE FORM
- CONDOMINIUM ASSOCIATION COVERAGE FORM
- CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
- STANDARD PROPERTY POLICY

SCHEDULE

Premises Number:	Building Number:	001/001	Applicable Clause (Enter C., D., E., or F.):	C
Description Of Property:				
Loss Payee Name: CAPITAL FARM CREDIT				
Loss Payee Address: PO BOX 20097 WACO, TX USA 76702-0000				
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.				

A. When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.

B. Nothing in this endorsement increases the applicable Limit of Insurance. We will not pay any Loss Payee more than their financial interest in the Covered Property, and we will not pay more than the applicable Limit of Insurance on the Covered Property.

The following is added to the **Loss Payment** Loss Condition, as indicated in the Declarations or in the Schedule:

C. Loss Payable Clause

For Covered Property in which both you and a Loss Payee shown in the Schedule or in the Declarations have an insurable interest, we will:

1. Adjust losses with you; and
2. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

D. Lender's Loss Payable Clause

1. The Loss Payee shown in the Schedule or in the Declarations is a creditor, including a mortgageholder or trustee, whose interest in Covered Property is established by such written instruments as:
 - a. Warehouse receipts;
 - b. A contract for deed;
 - c. Bills of lading;
 - d. Financing statements; or
 - e. Mortgages, deeds of trust, or security agreements.

2. For Covered Property in which both you and a Loss Payee have an insurable interest:
 - a. We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
 - b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
 - c. If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Part will then apply directly to the Loss Payee.
 - d. If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
 - (1) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and
 - (2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.
3. If we cancel this policy, we will give written notice to the Loss Payee at least:
 - a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
4. If we elect not to renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

E. Contract Of Sale Clause

1. The Loss Payee shown in the Schedule or in the Declarations is a person or organization you have entered a contract with for the sale of Covered Property.
2. For Covered Property in which both you and the Loss Payee have an insurable interest we will:
 - a. Adjust losses with you; and
 - b. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.
3. The following is added to the **Other Insurance Condition**:
For Covered Property that is the subject of a contract of sale, the word "you" includes the Loss Payee.

F. Building Owner Loss Payable Clause

1. The Loss Payee shown in the Schedule or in the Declarations is the owner of the described building, in which you are a tenant.
2. We will adjust losses to the described building with the Loss Payee. Any loss payment made to the Loss Payee will satisfy your claims against us for the owner's property.
3. We will adjust losses to tenants' improvements and betterments with you, unless the lease provides otherwise.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LOSS PAYABLE PROVISIONS

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
 BUILDERS' RISK COVERAGE FORM
 CONDOMINIUM ASSOCIATION COVERAGE FORM
 CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
 STANDARD PROPERTY POLICY

SCHEDULE

Premises Number:	Building Number:	001/002	Applicable Clause (Enter C., D., E., or F.):	C
Description Of Property:				
Loss Payee Name:	CAPITAL FARM CREDIT			
Loss Payee Address:	PO BOX 20097 WACO, TX USA 76702-0000			
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.				

A. When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.

B. Nothing in this endorsement increases the applicable Limit of Insurance. We will not pay any Loss Payee more than their financial interest in the Covered Property, and we will not pay more than the applicable Limit of Insurance on the Covered Property.

The following is added to the **Loss Payment** Loss Condition, as indicated in the Declarations or in the Schedule:

C. Loss Payable Clause

For Covered Property in which both you and a Loss Payee shown in the Schedule or in the Declarations have an insurable interest, we will:

1. Adjust losses with you; and
2. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

D. Lender's Loss Payable Clause

1. The Loss Payee shown in the Schedule or in the Declarations is a creditor, including a mortgageholder or trustee, whose interest in Covered Property is established by such written instruments as:
 - a. Warehouse receipts;
 - b. A contract for deed;
 - c. Bills of lading;
 - d. Financing statements; or
 - e. Mortgages, deeds of trust, or security agreements.

2. For Covered Property in which both you and a Loss Payee have an insurable interest:
 - a. We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
 - b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
 - c. If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Part will then apply directly to the Loss Payee.
 - d. If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
 - (1) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and
 - (2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.
3. If we cancel this policy, we will give written notice to the Loss Payee at least:
 - a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
4. If we elect not to renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

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2. For Covered Property in which both you and the Loss Payee have an insurable interest we will:
 - a. Adjust losses with you; and
 - b. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.
3. The following is added to the **Other Insurance Condition**:
For Covered Property that is the subject of a contract of sale, the word "you" includes the Loss Payee.

F. Building Owner Loss Payable Clause

1. The Loss Payee shown in the Schedule or in the Declarations is the owner of the described building, in which you are a tenant.
2. We will adjust losses to the described building with the Loss Payee. Any loss payment made to the Loss Payee will satisfy your claims against us for the owner's property.
3. We will adjust losses to tenants' improvements and betterments with you, unless the lease provides otherwise.

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LOSS PAYABLE PROVISIONS

This endorsement modifies insurance provided under the following:

- BUILDING AND PERSONAL PROPERTY COVERAGE FORM
- BUILDERS' RISK COVERAGE FORM
- CONDOMINIUM ASSOCIATION COVERAGE FORM
- CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
- STANDARD PROPERTY POLICY

SCHEDULE

Premises Number:	Building Number:	001/003	Applicable Clause (Enter C., D., E., or F.):	C
Description Of Property:				
Loss Payee Name: CAPITAL FARM CREDIT				
Loss Payee Address: PO BOX 20097 WACO, TX USA 76702-0000				
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.				

A. When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.

B. Nothing in this endorsement increases the applicable Limit of Insurance. We will not pay any Loss Payee more than their financial interest in the Covered Property, and we will not pay more than the applicable Limit of Insurance on the Covered Property.

The following is added to the **Loss Payment** Loss Condition, as indicated in the Declarations or in the Schedule:

C. Loss Payable Clause

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1. Adjust losses with you; and
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 - d. Financing statements; or
 - e. Mortgages, deeds of trust, or security agreements.

2. For Covered Property in which both you and a Loss Payee have an insurable interest:
 - a. We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
 - b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
 - c. If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Part will then apply directly to the Loss Payee.
 - d. If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
 - (1) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and
 - (2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.
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2. We will adjust losses to the described building with the Loss Payee. Any loss payment made to the Loss Payee will satisfy your claims against us for the owner's property.
3. We will adjust losses to tenants' improvements and betterments with you, unless the lease provides otherwise.

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 BUILDERS' RISK COVERAGE FORM
 CONDOMINIUM ASSOCIATION COVERAGE FORM
 CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
 STANDARD PROPERTY POLICY

SCHEDULE

Premises Number:	Building Number:	001/004	Applicable Clause (Enter C., D., E., or F.):	C
Description Of Property:				
Loss Payee Name:	CAPITAL FARM CREDIT			
Loss Payee Address:	PO BOX 20097 WACO, TX USA 76702-0000			
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.				

A. When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.

B. Nothing in this endorsement increases the applicable Limit of Insurance. We will not pay any Loss Payee more than their financial interest in the Covered Property, and we will not pay more than the applicable Limit of Insurance on the Covered Property.

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 - b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
 - c. If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:
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 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

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At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.
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1. The Loss Payee shown in the Schedule or in the Declarations is the owner of the described building, in which you are a tenant.
2. We will adjust losses to the described building with the Loss Payee. Any loss payment made to the Loss Payee will satisfy your claims against us for the owner's property.
3. We will adjust losses to tenants' improvements and betterments with you, unless the lease provides otherwise.

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- BUILDERS' RISK COVERAGE FORM
- CONDOMINIUM ASSOCIATION COVERAGE FORM
- CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
- STANDARD PROPERTY POLICY

SCHEDULE

Premises Number:	Building Number:	001/005	Applicable Clause (Enter C., D., E., or F.):	C
Description Of Property:				
Loss Payee Name: CAPITAL FARM CREDIT				
Loss Payee Address: PO BOX 20097 WACO, TX USA 76702-0000				
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.				

A. When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.

B. Nothing in this endorsement increases the applicable Limit of Insurance. We will not pay any Loss Payee more than their financial interest in the Covered Property, and we will not pay more than the applicable Limit of Insurance on the Covered Property.

The following is added to the **Loss Payment** Loss Condition, as indicated in the Declarations or in the Schedule:

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 - a. Warehouse receipts;
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 - a. We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
 - b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
 - c. If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Part will then apply directly to the Loss Payee.
 - d. If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
 - (1) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and
 - (2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.
3. If we cancel this policy, we will give written notice to the Loss Payee at least:
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 - a. Adjust losses with you; and
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1. The Loss Payee shown in the Schedule or in the Declarations is the owner of the described building, in which you are a tenant.
2. We will adjust losses to the described building with the Loss Payee. Any loss payment made to the Loss Payee will satisfy your claims against us for the owner's property.
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This endorsement modifies insurance provided under the following:

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 CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
 STANDARD PROPERTY POLICY

SCHEDULE

Premises Number:	Building Number:	001/006	Applicable Clause (Enter C., D., E., or F.):	C
Description Of Property:				
Loss Payee Name:	CAPITAL FARM CREDIT			
Loss Payee Address:	PO BOX 20097 WACO, TX USA 76702-0000			
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.				

A. When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.

B. Nothing in this endorsement increases the applicable Limit of Insurance. We will not pay any Loss Payee more than their financial interest in the Covered Property, and we will not pay more than the applicable Limit of Insurance on the Covered Property.

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1. The Loss Payee shown in the Schedule or in the Declarations is a creditor, including a mortgageholder or trustee, whose interest in Covered Property is established by such written instruments as:
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 - a. We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
 - b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
 - c. If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
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 - a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
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E. Contract Of Sale Clause

1. The Loss Payee shown in the Schedule or in the Declarations is a person or organization you have entered a contract with for the sale of Covered Property.
2. For Covered Property in which both you and the Loss Payee have an insurable interest we will:
 - a. Adjust losses with you; and
 - b. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.
3. The following is added to the **Other Insurance Condition**:
For Covered Property that is the subject of a contract of sale, the word "you" includes the Loss Payee.

F. Building Owner Loss Payable Clause

1. The Loss Payee shown in the Schedule or in the Declarations is the owner of the described building, in which you are a tenant.
2. We will adjust losses to the described building with the Loss Payee. Any loss payment made to the Loss Payee will satisfy your claims against us for the owner's property.
3. We will adjust losses to tenants' improvements and betterments with you, unless the lease provides otherwise.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LOSS PAYABLE PROVISIONS

This endorsement modifies insurance provided under the following:

- BUILDING AND PERSONAL PROPERTY COVERAGE FORM
- BUILDERS' RISK COVERAGE FORM
- CONDOMINIUM ASSOCIATION COVERAGE FORM
- CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
- STANDARD PROPERTY POLICY

SCHEDULE

Premises Number:	Building Number:	001/007	Applicable Clause (Enter C., D., E., or F.):	C
Description Of Property:				
Loss Payee Name: CAPITAL FARM CREDIT				
Loss Payee Address: PO BOX 20097 WACO, TX USA 76702-0000				
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.				

A. When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.

B. Nothing in this endorsement increases the applicable Limit of Insurance. We will not pay any Loss Payee more than their financial interest in the Covered Property, and we will not pay more than the applicable Limit of Insurance on the Covered Property.

The following is added to the **Loss Payment** Loss Condition, as indicated in the Declarations or in the Schedule:

C. Loss Payable Clause

For Covered Property in which both you and a Loss Payee shown in the Schedule or in the Declarations have an insurable interest, we will:

1. Adjust losses with you; and
2. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

D. Lender's Loss Payable Clause

1. The Loss Payee shown in the Schedule or in the Declarations is a creditor, including a mortgageholder or trustee, whose interest in Covered Property is established by such written instruments as:
 - a. Warehouse receipts;
 - b. A contract for deed;
 - c. Bills of lading;
 - d. Financing statements; or
 - e. Mortgages, deeds of trust, or security agreements.

2. For Covered Property in which both you and a Loss Payee have an insurable interest:
 - a. We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
 - b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
 - c. If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Part will then apply directly to the Loss Payee.
 - d. If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
 - (1) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and
 - (2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.
3. If we cancel this policy, we will give written notice to the Loss Payee at least:
 - a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
4. If we elect not to renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

E. Contract Of Sale Clause

1. The Loss Payee shown in the Schedule or in the Declarations is a person or organization you have entered a contract with for the sale of Covered Property.
2. For Covered Property in which both you and the Loss Payee have an insurable interest we will:
 - a. Adjust losses with you; and
 - b. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.
3. The following is added to the **Other Insurance Condition**:
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F. Building Owner Loss Payable Clause

1. The Loss Payee shown in the Schedule or in the Declarations is the owner of the described building, in which you are a tenant.
2. We will adjust losses to the described building with the Loss Payee. Any loss payment made to the Loss Payee will satisfy your claims against us for the owner's property.
3. We will adjust losses to tenants' improvements and betterments with you, unless the lease provides otherwise.

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LOSS PAYABLE PROVISIONS

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
 BUILDERS' RISK COVERAGE FORM
 CONDOMINIUM ASSOCIATION COVERAGE FORM
 CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
 STANDARD PROPERTY POLICY

SCHEDULE

Premises Number:	Building Number:	001/008	Applicable Clause (Enter C., D., E., or F.):	C
Description Of Property:				
Loss Payee Name:	CAPITAL FARM CREDIT			
Loss Payee Address:	PO BOX 20097 WACO, TX USA 76702-0000			
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.				

A. When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.

B. Nothing in this endorsement increases the applicable Limit of Insurance. We will not pay any Loss Payee more than their financial interest in the Covered Property, and we will not pay more than the applicable Limit of Insurance on the Covered Property.

The following is added to the **Loss Payment** Loss Condition, as indicated in the Declarations or in the Schedule:

C. Loss Payable Clause

For Covered Property in which both you and a Loss Payee shown in the Schedule or in the Declarations have an insurable interest, we will:

1. Adjust losses with you; and
2. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

D. Lender's Loss Payable Clause

1. The Loss Payee shown in the Schedule or in the Declarations is a creditor, including a mortgageholder or trustee, whose interest in Covered Property is established by such written instruments as:
 - a. Warehouse receipts;
 - b. A contract for deed;
 - c. Bills of lading;
 - d. Financing statements; or
 - e. Mortgages, deeds of trust, or security agreements.

2. For Covered Property in which both you and a Loss Payee have an insurable interest:
 - a. We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
 - b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
 - c. If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Part will then apply directly to the Loss Payee.
 - d. If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
 - (1) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and
 - (2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.
3. If we cancel this policy, we will give written notice to the Loss Payee at least:
 - a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
4. If we elect not to renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

E. Contract Of Sale Clause

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2. For Covered Property in which both you and the Loss Payee have an insurable interest we will:
 - a. Adjust losses with you; and
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1. The Loss Payee shown in the Schedule or in the Declarations is the owner of the described building, in which you are a tenant.
2. We will adjust losses to the described building with the Loss Payee. Any loss payment made to the Loss Payee will satisfy your claims against us for the owner's property.
3. We will adjust losses to tenants' improvements and betterments with you, unless the lease provides otherwise.

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LOSS PAYABLE PROVISIONS

This endorsement modifies insurance provided under the following:

- BUILDING AND PERSONAL PROPERTY COVERAGE FORM
- BUILDERS' RISK COVERAGE FORM
- CONDOMINIUM ASSOCIATION COVERAGE FORM
- CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
- STANDARD PROPERTY POLICY

SCHEDULE

Premises Number:	Building Number:	001/009	Applicable Clause (Enter C., D., E., or F.):	C
Description Of Property:				
Loss Payee Name: CAPITAL FARM CREDIT				
Loss Payee Address: PO BOX 20097 WACO, TX USA 76702-0000				
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.				

A. When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.

B. Nothing in this endorsement increases the applicable Limit of Insurance. We will not pay any Loss Payee more than their financial interest in the Covered Property, and we will not pay more than the applicable Limit of Insurance on the Covered Property.

The following is added to the **Loss Payment** Loss Condition, as indicated in the Declarations or in the Schedule:

C. Loss Payable Clause

For Covered Property in which both you and a Loss Payee shown in the Schedule or in the Declarations have an insurable interest, we will:

1. Adjust losses with you; and
2. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

D. Lender's Loss Payable Clause

1. The Loss Payee shown in the Schedule or in the Declarations is a creditor, including a mortgageholder or trustee, whose interest in Covered Property is established by such written instruments as:
 - a. Warehouse receipts;
 - b. A contract for deed;
 - c. Bills of lading;
 - d. Financing statements; or
 - e. Mortgages, deeds of trust, or security agreements.

2. For Covered Property in which both you and a Loss Payee have an insurable interest:
 - a. We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
 - b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
 - c. If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Part will then apply directly to the Loss Payee.
 - d. If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
 - (1) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and
 - (2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.
3. If we cancel this policy, we will give written notice to the Loss Payee at least:
 - a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
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2. For Covered Property in which both you and the Loss Payee have an insurable interest we will:
 - a. Adjust losses with you; and
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1. The Loss Payee shown in the Schedule or in the Declarations is the owner of the described building, in which you are a tenant.
2. We will adjust losses to the described building with the Loss Payee. Any loss payment made to the Loss Payee will satisfy your claims against us for the owner's property.
3. We will adjust losses to tenants' improvements and betterments with you, unless the lease provides otherwise.

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This endorsement modifies insurance provided under the following:

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- BUILDERS' RISK COVERAGE FORM
- CONDOMINIUM ASSOCIATION COVERAGE FORM
- CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
- STANDARD PROPERTY POLICY

SCHEDULE

Premises Number:	Building Number:	001/010	Applicable Clause (Enter C., D., E., or F.):	C
Description Of Property:				
Loss Payee Name: CAPITAL FARM CREDIT				
Loss Payee Address: PO BOX 20097 WACO, TX USA 76702-0000				
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.				

A. When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.

B. Nothing in this endorsement increases the applicable Limit of Insurance. We will not pay any Loss Payee more than their financial interest in the Covered Property, and we will not pay more than the applicable Limit of Insurance on the Covered Property.

The following is added to the **Loss Payment** Loss Condition, as indicated in the Declarations or in the Schedule:

C. Loss Payable Clause

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1. Adjust losses with you; and
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D. Lender's Loss Payable Clause

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 - a. Warehouse receipts;
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 - c. Bills of lading;
 - d. Financing statements; or
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 - a. We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
 - b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
 - c. If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Part will then apply directly to the Loss Payee.
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 - (1) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and
 - (2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.
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2. For Covered Property in which both you and the Loss Payee have an insurable interest we will:
 - a. Adjust losses with you; and
 - b. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.
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2. We will adjust losses to the described building with the Loss Payee. Any loss payment made to the Loss Payee will satisfy your claims against us for the owner's property.
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- BUILDERS' RISK COVERAGE FORM
- CONDOMINIUM ASSOCIATION COVERAGE FORM
- CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
- STANDARD PROPERTY POLICY

SCHEDULE

Premises Number:	Building Number:	001/011	Applicable Clause (Enter C., D., E., or F.):	C
Description Of Property:				
Loss Payee Name: CAPITAL FARM CREDIT				
Loss Payee Address: PO BOX 20097 WACO, TX USA 76702-0000				
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.				

A. When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.

B. Nothing in this endorsement increases the applicable Limit of Insurance. We will not pay any Loss Payee more than their financial interest in the Covered Property, and we will not pay more than the applicable Limit of Insurance on the Covered Property.

The following is added to the **Loss Payment** Loss Condition, as indicated in the Declarations or in the Schedule:

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D. Lender's Loss Payable Clause

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 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

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 - d. If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
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 - (2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

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- CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
- STANDARD PROPERTY POLICY

SCHEDULE

Premises Number:	Building Number:	001/012	Applicable Clause (Enter C., D., E., or F.):	C
Description Of Property:				
Loss Payee Name: CAPITAL FARM CREDIT				
Loss Payee Address: PO BOX 20097 WACO, TX USA 76702-0000				
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.				

A. When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.

B. Nothing in this endorsement increases the applicable Limit of Insurance. We will not pay any Loss Payee more than their financial interest in the Covered Property, and we will not pay more than the applicable Limit of Insurance on the Covered Property.

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 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

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 CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
 STANDARD PROPERTY POLICY

SCHEDULE

Premises Number:	Building Number:	001/013	Applicable Clause (Enter C., D., E., or F.):	C
Description Of Property:				
Loss Payee Name:	CAPITAL FARM CREDIT			
Loss Payee Address:	PO BOX 20097 WACO, TX USA 76702-0000			
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.				

A. When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.

B. Nothing in this endorsement increases the applicable Limit of Insurance. We will not pay any Loss Payee more than their financial interest in the Covered Property, and we will not pay more than the applicable Limit of Insurance on the Covered Property.

The following is added to the **Loss Payment** Loss Condition, as indicated in the Declarations or in the Schedule:

C. Loss Payable Clause

For Covered Property in which both you and a Loss Payee shown in the Schedule or in the Declarations have an insurable interest, we will:

1. Adjust losses with you; and
2. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

D. Lender's Loss Payable Clause

1. The Loss Payee shown in the Schedule or in the Declarations is a creditor, including a mortgageholder or trustee, whose interest in Covered Property is established by such written instruments as:
 - a. Warehouse receipts;
 - b. A contract for deed;
 - c. Bills of lading;
 - d. Financing statements; or
 - e. Mortgages, deeds of trust, or security agreements.

2. For Covered Property in which both you and a Loss Payee have an insurable interest:
 - a. We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
 - b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
 - c. If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Part will then apply directly to the Loss Payee.
 - d. If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
 - (1) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and
 - (2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.
3. If we cancel this policy, we will give written notice to the Loss Payee at least:
 - a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
4. If we elect not to renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

E. Contract Of Sale Clause

1. The Loss Payee shown in the Schedule or in the Declarations is a person or organization you have entered a contract with for the sale of Covered Property.
2. For Covered Property in which both you and the Loss Payee have an insurable interest we will:
 - a. Adjust losses with you; and
 - b. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.
3. The following is added to the **Other Insurance Condition**:
For Covered Property that is the subject of a contract of sale, the word "you" includes the Loss Payee.

F. Building Owner Loss Payable Clause

1. The Loss Payee shown in the Schedule or in the Declarations is the owner of the described building, in which you are a tenant.
2. We will adjust losses to the described building with the Loss Payee. Any loss payment made to the Loss Payee will satisfy your claims against us for the owner's property.
3. We will adjust losses to tenants' improvements and betterments with you, unless the lease provides otherwise.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LOSS PAYABLE PROVISIONS

This endorsement modifies insurance provided under the following:

- BUILDING AND PERSONAL PROPERTY COVERAGE FORM
- BUILDERS' RISK COVERAGE FORM
- CONDOMINIUM ASSOCIATION COVERAGE FORM
- CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
- STANDARD PROPERTY POLICY

SCHEDULE

Premises Number:	Building Number:	001/014	Applicable Clause (Enter C., D., E., or F.):	C
Description Of Property:				
Loss Payee Name: CAPITAL FARM CREDIT				
Loss Payee Address: PO BOX 20097 WACO, TX USA 76702-0000				
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.				

A. When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.

B. Nothing in this endorsement increases the applicable Limit of Insurance. We will not pay any Loss Payee more than their financial interest in the Covered Property, and we will not pay more than the applicable Limit of Insurance on the Covered Property.

The following is added to the **Loss Payment** Loss Condition, as indicated in the Declarations or in the Schedule:

C. Loss Payable Clause

For Covered Property in which both you and a Loss Payee shown in the Schedule or in the Declarations have an insurable interest, we will:

1. Adjust losses with you; and
2. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

D. Lender's Loss Payable Clause

1. The Loss Payee shown in the Schedule or in the Declarations is a creditor, including a mortgageholder or trustee, whose interest in Covered Property is established by such written instruments as:
 - a. Warehouse receipts;
 - b. A contract for deed;
 - c. Bills of lading;
 - d. Financing statements; or
 - e. Mortgages, deeds of trust, or security agreements.

2. For Covered Property in which both you and a Loss Payee have an insurable interest:
 - a. We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
 - b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
 - c. If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Part will then apply directly to the Loss Payee.
 - d. If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
 - (1) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and
 - (2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.
3. If we cancel this policy, we will give written notice to the Loss Payee at least:
 - a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
4. If we elect not to renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

E. Contract Of Sale Clause

1. The Loss Payee shown in the Schedule or in the Declarations is a person or organization you have entered a contract with for the sale of Covered Property.
2. For Covered Property in which both you and the Loss Payee have an insurable interest we will:
 - a. Adjust losses with you; and
 - b. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.
3. The following is added to the **Other Insurance Condition**:
For Covered Property that is the subject of a contract of sale, the word "you" includes the Loss Payee.

F. Building Owner Loss Payable Clause

1. The Loss Payee shown in the Schedule or in the Declarations is the owner of the described building, in which you are a tenant.
2. We will adjust losses to the described building with the Loss Payee. Any loss payment made to the Loss Payee will satisfy your claims against us for the owner's property.
3. We will adjust losses to tenants' improvements and betterments with you, unless the lease provides otherwise.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

LOSS PAYABLE PROVISIONS

This endorsement modifies insurance provided under the following:

- BUILDING AND PERSONAL PROPERTY COVERAGE FORM
- BUILDERS' RISK COVERAGE FORM
- CONDOMINIUM ASSOCIATION COVERAGE FORM
- CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
- STANDARD PROPERTY POLICY

SCHEDULE

Premises Number:	Building Number:	001/015	Applicable Clause (Enter C., D., E., or F.):	C
Description Of Property:				
Loss Payee Name: CAPITAL FARM CREDIT				
Loss Payee Address: PO BOX 20097 WACO, TX USA 76702-0000				
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.				

A. When this endorsement is attached to the Standard Property Policy **CP 00 99**, the term Coverage Part in this endorsement is replaced by the term Policy.

B. Nothing in this endorsement increases the applicable Limit of Insurance. We will not pay any Loss Payee more than their financial interest in the Covered Property, and we will not pay more than the applicable Limit of Insurance on the Covered Property.

The following is added to the **Loss Payment** Loss Condition, as indicated in the Declarations or in the Schedule:

C. Loss Payable Clause

For Covered Property in which both you and a Loss Payee shown in the Schedule or in the Declarations have an insurable interest, we will:

1. Adjust losses with you; and
2. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.

D. Lender's Loss Payable Clause

1. The Loss Payee shown in the Schedule or in the Declarations is a creditor, including a mortgageholder or trustee, whose interest in Covered Property is established by such written instruments as:
 - a. Warehouse receipts;
 - b. A contract for deed;
 - c. Bills of lading;
 - d. Financing statements; or
 - e. Mortgages, deeds of trust, or security agreements.

2. For Covered Property in which both you and a Loss Payee have an insurable interest:
 - a. We will pay for covered loss or damage to each Loss Payee in their order of precedence, as interests may appear.
 - b. The Loss Payee has the right to receive loss payment even if the Loss Payee has started foreclosure or similar action on the Covered Property.
 - c. If we deny your claim because of your acts or because you have failed to comply with the terms of the Coverage Part, the Loss Payee will still have the right to receive loss payment if the Loss Payee:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;
 - (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and
 - (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the Loss Payee.

All of the terms of this Coverage Part will then apply directly to the Loss Payee.
 - d. If we pay the Loss Payee for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:
 - (1) The Loss Payee's rights will be transferred to us to the extent of the amount we pay; and
 - (2) The Loss Payee's rights to recover the full amount of the Loss Payee's claim will not be impaired.

At our option, we may pay to the Loss Payee the whole principal on the debt plus any accrued interest. In this event, you will pay your remaining debt to us.
3. If we cancel this policy, we will give written notice to the Loss Payee at least:
 - a. 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
4. If we elect not to renew this policy, we will give written notice to the Loss Payee at least 10 days before the expiration date of this policy.

E. Contract Of Sale Clause

1. The Loss Payee shown in the Schedule or in the Declarations is a person or organization you have entered a contract with for the sale of Covered Property.
2. For Covered Property in which both you and the Loss Payee have an insurable interest we will:
 - a. Adjust losses with you; and
 - b. Pay any claim for loss or damage jointly to you and the Loss Payee, as interests may appear.
3. The following is added to the **Other Insurance Condition**:
For Covered Property that is the subject of a contract of sale, the word "you" includes the Loss Payee.

F. Building Owner Loss Payable Clause

1. The Loss Payee shown in the Schedule or in the Declarations is the owner of the described building, in which you are a tenant.
2. We will adjust losses to the described building with the Loss Payee. Any loss payment made to the Loss Payee will satisfy your claims against us for the owner's property.
3. We will adjust losses to tenants' improvements and betterments with you, unless the lease provides otherwise.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

VALUE REPORTING FORM

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
STANDARD PROPERTY POLICY

One or more of the following symbols will be shown in the Declarations in place of a Coinsurance percentage: DR, WR, MR, QR, PR. For an explanation of these symbols, refer to "Reporting Period" under Section **D.** – Definitions.

A. Additional Covered Property

1. Covered Property is extended to include personal property at the following types of locations for which a Limit of Insurance is shown in the Declarations or on the Reported – Acquired – Incidental Locations Schedule:

- a. "Reported locations";
- b. "Acquired locations"; and
- c. "Incidental locations".

2. The following is added to Property Not Covered:

Covered Property does not include property at fairs or exhibitions.

B. Reporting Provisions

For Covered Property to which this endorsement applies:

1. Reports Of Values

- a. You must file a report with us following each "reporting period" and at expiration, in accordance with **b.** or **c.** below, showing the values of Covered Property separately at each location. Each report must show the values that existed on the dates required by the "reporting period"; these dates are the report dates.
- b. If this policy is a renewal of a value reporting form policy we previously issued, you must file a report with us within 30 days of the end of each "reporting period" and at expiration.
- c. If coverage was not previously issued by us on a value reporting form basis and:

- (1) Reporting Period symbol DR (Daily), WR (Weekly) or MR (Monthly) is shown in the Declarations, you must:

- (a) File the first report with us within 60 days of the end of the first "reporting period"; and
 - (b) File the second report with us within 30 days of the end of the second "reporting period", concurrent with submission of the first report; and
 - (c) File each subsequent report with us within 30 days of the end of each subsequent "reporting period" and at expiration.
- (2) Reporting Period symbol QR (Quarterly) is shown in the Declarations and the inception date of the policy falls in March, June, September or December, you must:
 - (a) File the first report with us within 60 days of the end of the first "reporting period"; and
 - (b) File each subsequent report with us within 30 days of the end of each subsequent "reporting period" and at expiration.
 - (3) Reporting Period symbol QR (Quarterly) is shown in the Declarations and the inception date of the policy does **not** fall in March, June, September or December, you must file a report with us within 30 days of the end of each "reporting period" and at expiration.
 - (4) Reporting Period symbol PR (Policy Year) is shown in the Declarations, you must file a report with us within 30 days of the end of each "reporting period" and at expiration.
- d. For property at "incidental locations", your reports must show separately the entire values in each state.

- e. You may not correct inaccurate reports after loss or damage.

2. Full Reporting

The **Coinsurance** Additional Condition is replaced by the following:

COINSURANCE

- a. If your report of values for a location where loss or damage occurs, for the last "reporting period" before loss or damage, shows less than the full value of the Covered Property at that location on the report dates, we will pay only a proportion of the loss. The proportion of loss payable, prior to application of the deductible, will not be greater than the proportion determined by:
 - (1) The values you reported for the location where the loss or damage occurred, divided by
 - (2) The value of the Covered Property at that location on the report dates.
- b. For locations you acquire after the last report of values, we will not pay a greater proportion of loss, prior to the application of the deductible, than the proportion determined by:
 - (1) The values you reported for all locations, divided by
 - (2) The value of the Covered Property at all locations on the report dates.

Example of Under Reporting:

If: The values reported are	\$ 90,000
The actual values on the report dates were	\$ 120,000
The deductible is	\$ 250
The amount of loss is	\$ 60,000

Step a: $\$90,000 \div \$120,000 = .75$

Step b: $.75 \times \$60,000 = \$45,000$

Step c: $\$45,000 - \$250 = \$44,750$

The most we will pay is \$44,750. The remaining \$15,250 is not covered.

3. Reports In Excess Of Limit Of Insurance

If the values you report exceed the Limit of Insurance:

- a. We will determine final premium based on all the values you report, less "specific insurance";
- b. In the event of loss or damage, we will not pay more than the Limit of Insurance applicable to the Covered Property.

4. Failure To Submit Reports

If at the time of loss or damage you have failed to submit:

- a. The first required report of values:
 - (1) We will not pay more than 75% of the amount we would otherwise have paid; and
 - (2) We will only pay for loss or damage at locations shown in the Declarations.
- b. Any required report of values after the first required report:
 - (1) We will not pay more for loss or damage at any location than the values you last reported for that location; and
 - (2) We will only pay for loss or damage at locations reported in your last report filed before the loss.

5. Treatment Of "Specific Insurance"

- a. You must include the amount of all "specific insurance" in your reports of value.
- b. We will subtract the value of "specific insurance" from your values when computing advance and final premium under this endorsement.

Example:

If: The value of the property is	\$ 400,000
The amount of "specific insurance" is	\$ 50,000
The Limit of Insurance under this form is	\$ 300,000
Your report of values should show:	
Value of Property	\$ 400,000
Amount of "Specific Insurance"	\$ 50,000
Difference	\$ 350,000

We will compute final premium based on the values in excess of reported "specific insurance" during the policy year.

- c. Subject to all other applicable provisions of this policy, including the applicable Limit of Insurance, the most we will pay is that portion of the loss that exceeds the sum of (1) and (2) below:
 - (1) The amount due from "specific insurance", whether you can collect on it or not; plus
 - (2) The amount of any deductible applying to such "specific insurance".

Examples

The following examples assume that the Reporting Provisions applicable to this form have been complied with.

If: the amount of the "specific insurance" is \$50,000;
the Limit of Insurance under this form is \$300,000;
the Deductible applicable to the "specific insurance" is \$5,000; and
the Deductible applicable to this insurance is \$1,000;

we will determine the most we will pay as follows:

Example #1

("Specific insurance" **not** subject to a coinsurance requirement.)

Amount of loss		\$300,000
Deductibles		
"Specific Insurance"	\$ 5,000	
This insurance	\$ 1,000	
Amount due from		
"Specific Insurance"	<u>\$50,000*</u>	
	\$56,000	— \$ 56,000

The most this insurance will pay \$244,000

The most payable, combined, from the "specific insurance" and this insurance is \$294,000 (\$50,000 + \$244,000). The remainder of the loss, \$6,000, is not covered.

Example #2

("Specific insurance" subject to 100% coinsurance requirement. Value of property at time of loss is \$350,000.)

Amount of loss		\$300,000
Deductibles		
"Specific Insurance"	\$ 5,000	
This insurance	\$ 1,000	
Amount due from		
"Specific Insurance"	<u>\$37,900*</u>	
	\$43,900	— \$ 43,900

The most this insurance will pay \$256,100

The most payable, combined, from the "specific insurance" and this insurance is \$294,000 (\$37,900 + \$256,100). The remainder of the loss, \$6,000, is not covered.

Example #3

("Specific insurance" subject to 100% coinsurance requirement. Value of property at time of loss is \$370,000.)

Amount of loss		\$360,000
Deductibles		
"Specific Insurance"	\$ 5,000	
This insurance	\$ 1,000	
Amount due from		
"Specific Insurance"	<u>\$43,600*</u>	
	\$49,600	— \$ 49,600
		<u>\$310,400</u>

The most this insurance will pay is \$300,000 (the Limit of Insurance).

The most payable, combined, from the "specific insurance" and this insurance is \$343,600 (\$43,600 + \$300,000). The remainder of the loss, \$16,400, is not covered.

***The amount due from "specific insurance" will vary based on such factors as the amount of loss, the value of property at time of loss, and the coinsurance requirement, if any, applicable under the policy providing "specific insurance".**

C. Premium Adjustment

For Covered Property to which this endorsement applies:

1. The premium charged at the inception of each policy year is an advance premium. We will determine the final premium for this insurance after the policy year, or expiration, based on the average of your reports of value.
2. Based on the difference between the advance premium and the final premium, for each policy year, we will:
 - a. Charge additional premium; or
 - b. Return excess premium.

The due date for any additional premium is the date shown as the due date on the bill.

D. Definitions

1. **"Acquired Locations"** means any locations in the policy territory acquired after the inception of the coverage under this endorsement.
2. **"Incidental Locations"** means any locations not shown in the Declarations, other than "acquired locations" and "reported locations", with values of \$25,000 or less.

3. **"Reported Locations"** means any locations, other than those shown in the Declarations, that have been reported to us at the inception of the coverage under this endorsement.
4. **"Reporting Period"** means the period of time for which new reports of value are due, as shown by a symbol in the Declarations. If the symbol is:
 - a. DR (Daily), reports must show values as of each day; but the "reporting period" ends on the last day of the month.
 - b. WR (Weekly), reports must show values as of the last day of each week; but the "reporting period" ends on the last day of the month.
 - c. MR (Monthly), reports must show values as of the last day of the month; and the "reporting period" ends on the last day of each month.
 - d. QR (Quarterly), reports must show values as of the last day of each month; but the "reporting period" ends on the last day of:
 - (1) March;
 - (2) June;
 - (3) September; and
 - (4) December.
 - e. PR (Policy Year), reports must show values as of the last day of each month; but the "reporting period" ends on the policy anniversary date.
5. **"Specific Insurance"** means other insurance that:
 - a. Covers the same Covered Property to which this endorsement applies; and
 - b. Is not subject to the same plan, terms, conditions and provisions as this insurance, including this endorsement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

PROPERTY COVERAGE EXTENSION ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
CAUSES OF LOSS – SPECIAL FORM

SECTION I. EXTENSIONS OF COVERAGE

The Following Additional Coverages And Extensions Apply at Each Described Premises Per Occurrence, Except As May Be Noted Below.

A. Premises Boundary Increased To 1000 Feet

Any reference in any of the Coverage Forms to 100 feet from the described premises is amended to read 1,000 feet from the described premises, except where otherwise noted.

B. Fine Arts, Including Newly Acquired Fine Arts

Under the Building And Personal Property Coverage Form, you may extend Paragraph 5. Coverage Extensions to apply to “fine arts”, including newly acquired “fine arts”, whether owned by you or others, and in your care, custody or control.

1. Coverage for newly acquired “fine arts” will end when any of the following first occurs:
 - a. The policy expires;
 - b. 30 days after you acquire the “fine arts”; or
 - c. You report values to us.
2. We will charge you additional premium for values reported from the date you acquire the “fine arts”.
3. We will determine the value of “fine arts” under this Extension, in the event of loss or damage, at its market value at the time of loss or damage.
4. Our payment for loss or damage to “fine arts” of others will only be for the account of the owner of the “fine arts”.
5. As a condition of coverage, you agree that if “fine arts” are to be moved, whether on or off described premises, and such move requires packing and/or unpacking, the packing and/or unpacking will be done by competent persons trained in packing and/or unpacking of “fine arts”.
6. This Extension does not include “fine arts” in transit or in the open.

The most we will pay for loss or damage to "fine arts" under this Extension at each described premises is the Fine Arts Limit of Insurance indicated in the Supplemental Schedule. For newly acquired "fine arts", the most we will pay is the Newly Acquired Fine Arts Limit of Insurance indicated in the Supplemental Schedule.

C. Amendment To Property Not Covered

Under the Building And Personal Property Coverage Form, Subparagraph **2.g.**, **2.m.** and **2.q.** of Paragraph **2.** Property Not Covered of Section **A.** Coverage are deleted and replaced by the following:

2. Property Not Covered

Covered Property does not include:

- g.** Foundations of buildings, supports, structures, machinery or boilers if their foundations are below:
 - (1)** The lowest basement floor; or
 - (2)** The surface of the ground, if there is no basement, except as provided in the Additional Coverages for Foundations And Underground Pipes, Fuel Storage Tanks And Pumps and Ordinance Or Law, as may be applicable.
- m.** Underground pipes, flues or drains, except as provided in the Additional Coverages for Foundations And Underground Pipes, Fuel Storage Tanks And Pumps and Ordinance Or Law, as may be applicable.
- q.** The following property while outside of buildings:
 - (1)** Grain, hay, straw or other crops;
 - (2)** Fences, radio or televisions antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants other than "stock" of trees, shrubs or plants, all except as provided in the Additional Coverages or Coverage Extensions.

D. Debris Removal

Under the Building And Personal Property Coverage Form, Subparagraphs **(1)** through **(4)** of the Debris Removal Additional Coverage are deleted and replaced by the following:

Debris Removal

(1) Covered Property

- (a)** Subject to Paragraph **(1)(b)** and **(1)(c)**, we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the Policy Period.
- (b)** Subject to the exceptions in Paragraph **(1)(c)**, the following provisions apply:
 - i.** The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
 - ii.** Subject to **(i)** above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

(c) We will pay up to the additional Limit of Insurance indicated in the Supplemental Schedule for Debris Removal, for each described premises, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

- i. The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
- ii. The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (c)(i) and/ or (c)(ii) apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus the limit indicated in the Supplemental Schedule for Debris Removal – Covered Property.

(2) Other Than Covered Property

We will pay your expense, up to the Limit of Insurance indicated in the Supplemental Schedule, for any one occurrence, to remove debris of other than Covered Property from described premises caused by a Covered Cause of Loss that occurs during the Policy Period.

(3) Debris removal does not apply to costs to:

- (a) Extract “pollutants” from land or water; or
- (b) Remove, restore or replace polluted land or water.

(4) Debris removal expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.

For purposes of the Examples provided under Subparagraph (5) of the Debris Removal Additional Coverage provided in the Building And Personal Property Coverage Form, the reference to \$10,000, wherever it appears in the Examples, is amended to read \$25,000, assuming this is the Limit of Insurance shown in the Supplemental Schedule of this Endorsement.

E. Fire Department Service Charge

The Fire Department Service Charge Additional Coverage under Subparagraph 4.c. in the Building And Personal Property Coverage Form is amended to provide a limit of up to the Limit of Insurance indicated in the Supplemental Schedule.

F. Pollutant Clean-up And Removal

The Pollutant Clean-up And Removal Additional Coverage under Subparagraph 4.d. of the Building And Personal Property Coverage Form is revised as follows:

1. The reference to a \$10,000 Limit of Insurance at each described premises is deleted and replaced with Paragraph 3. below. The coverage applicable to each described premises is revised to read Pollutant Clean-up And Removal At Described Premises.
2. For purposes of this Endorsement, this Additional Coverage is extended to include pollutant clean-up and removal at non-owned premises as follows:

Pollutant Clean-up And Removal At Non-Owned Premises

We will pay your expense to extract "pollutants" from land or water at premises not owned, leased or rented to you if the discharge, dispersal, seepage, migration or release of the "pollutants" is caused by or results from a Covered Cause of Loss to an above ground tank owned by you and leased or loaned to someone else for storage of a liquid product at a premises you do not own, lease or rent.

The expenses will be paid provided that:

- a. The discharge, dispersal, seepage, migration or release of the "pollutants" is demonstrable as beginning and ending within 72 hours of the Covered Cause of Loss; and
- b. The discharge dispersal, seepage, migration or release of the "pollutants" is reported to us within 120 hours from the time of the Covered Cause of Loss.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

This Additional Coverage is subject to the Limit of Insurance described under Subparagraph 3. below.

3. The most we will pay under this Additional Coverage is the Each Premises Limit shown in the Supplemental Schedule for Pollutant Clean-up And Removal at Described and Non-Owned Premises. However, the most we will pay for all such loss at all locations is the Combined Annual Aggregate Limit of Insurance indicated for Pollutant Clean-up And Removal At Described Premises And Non-Owned Premises indicated in the Supplemental Schedule.

A \$5,000 per occurrence deductible applies to this Additional Coverage.

G. Brands And Labels

Under the Building And Personal Property Coverage form, Paragraph 4. **Additional Coverages** is extended to include the following:

Brands And Labels

If branded or labeled merchandise that is Covered Property is damaged by a Covered Cause of Loss, we may take all or any part of the property at an agreed or appraised value. If so, we will pay for the reasonable expenses you incur to:

1. Stamp the word salvage on the merchandise or its containers, if the stamp will not physically damage the merchandise; or
2. Remove the brands or labels, if doing so will not physically damage the merchandise. You must relabel the merchandise or its containers to comply with the law.

We will pay reasonable costs you incur to perform the activity described in Paragraph 1. or 2. above. But the total we pay for these costs and the value of the damaged property will not exceed the applicable Limit of Insurance on such property indicated in the Supplemental Schedule.

H. Business Income (And Extra Expense)

Under the Business Income (And Extra Expense) Coverage Form, the most we will pay for loss in any one occurrence as shown in the Declarations is increased to the applicable Limit of insurance indicated in the Supplemental Schedule.

I. Electronic Data Processing Coverage

1. Under the Building And Personal Property Coverage Form, the Additional Coverage for Electronic Data set forth in Subparagraph **A.4.f.** is extended to include coverage for electronic data processing equipment subject to the following:
 - a. Under this Additional Coverage, electronic data processing equipment means any computer equipment owned by you and similar equipment of others in your care, custody or control. Computer equipment leased to others is excluded, regardless of location.
 - b. We will pay, under this Additional Coverage, for direct physical loss of or damage to electronic data processing equipment at the premises described in the Declarations caused by any Covered Cause of Loss, except as otherwise excluded. This coverage includes laptops, electronic data processing equipment in transit and off-premises exposures.

This does not include equipment held for sale or distribution and in the course of manufacture.
 - c. This Additional Coverage does not apply to electronic data processing equipment that is covered under another Coverage Extension within this endorsement.
 - d. This Additional Coverage is subject to Subparagraph **A.4.f.(3)(d)** of the Building And Personal Property Coverage Form.
 - e. Coverage is subject to the Causes Of Loss - Special Form with the following exceptions:
 - (1) Exclusion **B.2.a.** is deleted. However, off-premises disturbances at least 1,000 feet from the described premises continue to be excluded.
 - (2) Exclusions **B.2.d.(7)(a)** and **B.2.d.(7)(b)** are deleted, but only if such dampness or dryness of atmosphere or changes in or extremes of temperature result from physical damage caused by a Covered Cause of Loss to an air conditioning unit or system, including equipment and parts that are part of or used with electronic data processing equipment.
 - (3) This Additional Coverage does not apply to:
 - (a) Computer-related losses due to the failure, malfunction or inadequacy of:
 - (i) Electronic data processing equipment, electronic data, computer operating systems and data, computer networks, microprocessors and any other computerized or electronic data processing equipment or components; or
 - (ii) Any products, services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in

Subparagraph (i) above, due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times correctly recognize, process, distinguish, interpret or accept one or more dates or times.

(b) Any computer advice, consultation, design, evaluation, inspection, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in the computer-related losses exclusion in Subparagraph (a) above.

(c) Additional Exclusion B.5. of the Causes Of Loss – Special Form is extended to apply to errors or omissions in processing, recording or storing information on electronic data or electronic data processing equipment. However, if fire or explosion results, we will pay for the loss or damage caused by that fire or explosion.

If an excluded Cause of Loss as described under the exclusions for electrical disturbances, computer-related losses or computer advice or consultation, as described above, results in a “specified cause of loss”, or in elevator collision resulting from mechanical breakdown, we will pay for the loss or damage caused by such “specified cause of loss” or elevator collision. We will not pay for repair, replacement or modification of any items in the computer-related losses exclusion to correct any deficiencies or to change any features.

- f. Electronic data processing equipment is subject to the deductible applicable to other property, unless a higher deductible is provided in the Declarations.
 - g. We will determine the value of electronic data processing equipment at the cost to replace the damaged equipment.
2. The \$2,500 Limit of Insurance in Subparagraph A.5.d.(4) of the Business Income (and Extra Expense) Coverage Form (applicable to Interruption of Computer Operations) and the \$2,500 Limit of Insurance in Subparagraph A.4.f.(4) of the Building and Personal Property Coverage Form (applicable to Electronic Data) are deleted and replaced with Paragraph 3. below.
3. The most we will pay for all loss or damage to electronic data processing equipment, electronic data and Business Income (and Extra Expense) loss (applicable to Interruption of Computer Operations) arising out of any such loss or damage is the Limit of Insurance indicated under Electronic Data Processing Coverage in the Supplemental Schedule for Equipment, Electronic Data and Business Income (and Extra Expense) loss as respects Interruption of Computer Operations.

J. Computer Fraud

- 1. We will pay for loss of or damage to "money", "securities" and "other property" resulting directly from the use of any computer to fraudulently cause a transfer of that property from inside the "premises" or "banking premises":
 - a. To a person (other than a "messenger") outside those "premises"; or
 - b. To a place outside those "premises".

2. Under the Causes Of Loss – Special Form, the following is added to Section **B**. Exclusions:

We will not pay for loss or damage caused by or resulting from:

- a. The use or purported use of credit, debit, charge, access, convenience, identification, stored-value or other cards or the information contained on such cards.
 - b. A "fraudulent instruction" directing a financial institution to transfer, pay or deliver "funds" from your "transfer account".
 - c. Inventory shortages or that part of any such shortage, the proof of which as to its existence or amount is dependent upon:
 - 1) An inventory computation; or
 - 2) A profit and loss computation.
 - d. Any cause of loss that is excluded pursuant to the exclusions set forth in Section **III**. Additional Crime Exclusions of this Extension Endorsement.
3. In addition to the conditions set forth in Section **IV**. Additional Conditions of this Extension Endorsement, the following additional condition is added under Section **E**. Loss Conditions of the Building And Personal Property Coverage Form to apply to this Additional Coverage:

The following special limit of insurance applies to the property specified below:

We will only pay up to \$5,000 for any one "occurrence" of loss of or damage to manuscripts, drawings, or records of any kind, or the cost of reconstructing them or reproducing any information contained in them.

4. Other than with respect to the property specified in Paragraph **3**. above, the most we will pay under this Additional Coverage for loss or damage in any one occurrence is the Limit of Insurance indicated in the Supplemental Schedule for Computer Fraud.

However, if you have other insurance covering the Computer Fraud loss we cover under this endorsement, we will pay only for the amount of covered loss in excess of the amount due from that other insurance, whether you can collect it or not. But we will not pay more than the Computer Fraud Limit of Insurance shown in the Supplemental Schedule.

All loss or damage under this Additional Coverage caused by one or more persons or involving a single act or series of acts is considered one "occurrence".

If any loss is covered:

- a. Partly by this Additional Coverage; and
- b. Partly by any prior cancelled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest,

The most we will pay is the larger of the amount recoverable under this Additional Coverage or the prior insurance.

We will pay only for loss or damage you sustain through acts committed or events occurring during the Policy Period applicable to this Additional Coverage. Regardless of the number of years this Additional Coverage remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

K. Consigned Property

Under the Building And Personal Property Coverage Form, Your Business Personal Property is extended to include your owned, consigned "stock" at locations where this property is on a consignment basis.

The most we will pay under this Additional Coverage for loss or damage at any location is the Limit of Insurance indicated in the Supplemental Schedule.

L. Credit Card Invoices

Under the Building And Personal Property Coverage Form, Your Business Personal Property is extended to apply tangible property credit card invoices that are lost, damaged or destroyed due to a covered cause of loss while en route between your premises and your banking institution for receipt and recording.

We will pay the amount you would have been entitled to receive under the invoices had the invoices not been lost, damaged or destroyed.

The most we will pay under this Additional Coverage for the amount of loss you sustain due to lost, damaged or destroyed credit card invoices as a result of a covered cause of loss is the Credit Card Invoices Limit of Insurance indicated in the Supplemental Schedule.

M. Damage To Building From Theft

If loss or damage caused by "theft" or attempted "theft" occurs to buildings you occupy, but do not own, at a described premises, we will also pay the amount you are legally liable to pay for such loss or damage. However, if the building has been vacant for more than 60 consecutive days before the loss or damage occurs, we will not pay for any loss or damage caused by "theft" or attempted "theft".

The most we will pay under this Additional Coverage in any one occurrence is the Limit of Insurance indicated in the Supplemental Schedule.

N. Employee Dishonesty

1. Under this Coverage Extension, you may extend the insurance that applies to Your Business Personal Property under the Building And Personal Property Coverage Form, to pay for direct loss of or damage to "money" and "securities" and other property resulting from dishonest acts committed by any of your "employees" acting alone or in collusion with other persons (except you, your partners or "members") with the manifest intent to:

- a. Cause you to sustain loss or damage; and
- b. Obtain financial benefit (other than salaries, commissions, fees, bonuses, promotions, awards, profit sharing, pensions or other "employee" benefits earned in the normal course of employment) for:
 - (1) Any "employee"; or
 - (2) Any other person or organization.

2. Under the Causes Of Loss – Special Form:
 - a. Subparagraph **B.2.h.** of Exclusions does not apply to the Employee Dishonesty Additional Coverage.
 - b. The following is added to Section **B.** Exclusions with respect to the coverage provided under this Additional Coverage:

We will not pay for loss or damage:

(1) The only proof of which as to its existence or amount is:

- (a) An inventory computation; or
- (b) A profit and loss computation.

(2) Resulting from trading, whether in your name or in a genuine or fictitious account.

(3) Resulting from the fraudulent or dishonest signing, issuing, cancelling or failing to cancel a warehouse receipt or any papers connected with it.

(4) That is excluded pursuant to the exclusions set forth in Section **III.** Additional Crime Exclusions of this Extension Endorsement.

3. The most we will pay under this Additional Coverage for loss or damage in any one occurrence is the Limit of Insurance indicated in the Supplemental Schedule for Employee Dishonesty.

However, if you have other insurance covering the Employee Dishonesty loss we cover under this endorsement, we will pay only for the amount of covered loss in excess of the amount due from that other insurance, whether you can collect it or not. But we will not pay more than the Employee Dishonesty Limit of Insurance shown in the Supplemental Schedule.

4. All loss or damage under this Additional Coverage caused by one or more persons or involving a single act or series of acts is considered one “occurrence”.
5. If any loss is covered:
 - a. Partly by this Additional Coverage; and
 - b. Partly by any prior cancelled or terminated insurance that we or any affiliate had issued to you or any predecessor in interest,

The most we will pay is the larger of the amount recoverable under this Additional Coverage or the prior insurance.

We will pay only for loss or damage you sustain through acts committed or events occurring during the Policy Period applicable to this Additional Coverage. Regardless of the number of years this Additional Coverage remains in force or the number of premiums paid, no Limit of Insurance cumulates from year to year or period to period.

6. In addition to the conditions set forth in Section **IV.** Additional Conditions, the following additional condition is added under Paragraph **E.** Loss Conditions of the Building And Personal Property Coverage Form to apply to this Additional Coverage:

This Additional Coverage is cancelled as to any “employee” immediately upon discovery by:

- a. You; or
- b. Any of your partners, "members", "managers", officers or directors not in collusion with the "employee" of any dishonest act committed by that "employee" before or after being hired by you.

A \$1,000 deductible applies to this Additional Coverage.

O. Erroneous Delivery Of Liquid Products

We will pay for the loss of your liquid products, or liquid products of others in your care, custody or control, which become unusable or destroyed due to the unintentional erroneous introduction of a liquid product into another. This coverage does not apply to intended mixing exposures that result in cross contamination of your liquid products or liquid products of others in your care, custody or control.

The most we will pay under this Additional Coverage is the Limit of Insurance indicated in the Supplemental Schedule.

P. Fire Extinguisher Systems Expense

We will pay the cost to recharge, refill or replace, whichever is less, your fire extinguishers and fire extinguishing systems including hydrostatic testing if needed) if they are discharged on or within 1000 feet of the described premises. This coverage applies to your fire extinguishing systems that are permanently installed in buildings at the described premises. Coverage applies only when such devices have been discharged while being used to protect Covered Property from loss or damage caused by fire.

This Additional Coverage does not apply if:

1. The fire extinguishing system is discharged during installation or testing; or
2. The described premises is or has a restaurant or open cooking and/or deep fat frying exposures, and the fire extinguishing system is not in compliance with NFPA Standard 96 and/ or UL 300.

The most we will pay under this Additional Coverage is the Limit of Insurance indicated in the Supplemental Schedule.

No deductible applies to this Additional Coverage.

Q. Forgery Or Alteration

1. We will pay for loss resulting directly from "forgery" or alteration of checks, drafts, promissory notes, or similar written promises, orders or directions to pay a sum certain in "money" that are:
 - a. Made or drawn by or drawn upon you; or
 - b. Made or drawn by one acting as your agent;or that are purported to have been so made or drawn.

For the purposes of this Additional Coverage, a substitute check as defined in the Check Clearing for the 21st Century Act shall be treated the same as the original it replaced.

2. If you are sued for refusing to pay any instrument covered in Paragraph **Q.1.** above on the basis that it has been forged or altered, and you have our written consent to defend against the suit, we will pay for any reasonable legal expenses that you incur and pay in that defense. The amount that we will pay is included in the Limit of Insurance applicable to this Additional Coverage.
3. The most we will pay for all loss resulting directly from an "occurrence" is the applicable Forgery Or Alteration Limit of Insurance indicated in the Supplemental Schedule.
4. We will not pay for loss resulting directly from an "occurrence" unless the amount of loss exceeds the Deductible Amount shown in the Declarations. We will then pay the amount of loss in excess of the Deductible Amount, up to the Forgery Or Alteration Limit of Insurance indicated in the Supplemental Schedule.
5. In addition to the conditions set forth in Section **IV.** Additional Conditions, the following additional conditions are added under Paragraph **E.** Loss Conditions of the Building And Personal Property Coverage Form to apply to this Additional Coverage.
 - a. The Deductible Amount does not apply to legal expenses paid.
 - b. We will treat signatures that are produced or reproduced electronically, mechanically or by other means the same as handwritten signatures.
 - c. You must include with your proof of loss any instrument involved in that loss, or, if that is not possible, an affidavit setting forth the amount and cause of loss.
6. The exclusions applicable to this Additional Coverage Extension are set forth in Section III. Additional Crime Exclusions of this Extension Endorsement.

R. Gas Or Oil Contamination

We will pay for contamination of your liquid petroleum products at the described premises caused by surface water run-off. Exclusion **B.1.g.1.** of the Causes of Loss – Special Form does not apply with respect to run-off of surface water.

S. Leased, Loaned Or Rented Tanks And Related Equipment

Under the Building And Personal Property Coverage Form, Your Business Personal Property is extended to include pumps, tanks, regulators, pipes, fittings and related attachments owned by you while such property is leased, loaned or rented to others by you.

This Additional Coverage does not apply to property in or on a vehicle more than 500 feet from the described premises.

If there is other insurance under this or any other policy covering the same loss or damage, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect it or not.

The most we will pay under this Additional Coverage for loss in any one occurrence is the Limit of Insurance indicated in the Supplemental Schedule.

T. Leasehold Interest – Undamaged Improvements And Betterments

Under this Additional Coverage, we will pay for loss of Covered Leasehold Interest you sustain due to cancellation of your lease by the lessor. The cancellation must

result from direct physical loss of or damage to property at premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. The following additional conditions must apply:
 - a. The lease cancellation is supported by a valid condition of your lease
 - b. You have at least six months remaining in your lease; and
 - c. At least 25% of the building is damaged or at least six months is required to repair the building for your occupancy.
2. We will not pay under this Additional Coverage, if the premises where the lease is cancelled has been vacant for more than 60 consecutive days prior to the loss or damage.
3. Covered Leasehold Interest means the following for each lease of real property in which you are the tenant:

The unamortized portion of the amount paid by you for improvements and betterments. It does not include the value of improvements and betterments recoverable under any other insurance, but only to the extent of such other insurance.

Improvements and betterments are fixtures, alterations, installations or additions:

- (a) Made a part of the building or structure you occupy, but do not own; and
- (b) You acquired or made at your expense, but can legally remove.

The most we will pay under this Additional Coverage in any one occurrence is the Leasehold Interest Limit of Insurance indicated in the Supplemental Schedule.

U. Lessee Changeover – Building

Under the Building And Personal Property Coverage Form, you may extend coverage to include locations where ownership or responsibility for maintaining insurance on the building is the insured's responsibility, as required by the lease. Coverage will end when any of the following first occurs:

1. The policy expires;
2. 30 days after you last conducted business operations at the leased premises; or
3. You report values to us.

The most we will pay under this Additional Coverage for loss in any one occurrence is the Lessee Changeover - Building Limit of Insurance indicated in the Supplemental Schedule.

V. Lost Key Consequential Loss

Under this Additional Coverage, we will pay for consequential loss to repair locks or to replace locks and keys, if a master or grand master key is lost or damage due to a Covered Cause of Loss at a described premises.

We will pay for the following:

1. The actual cost of the keys; and
2. Adjustment of locks to accept new keys; or

3. If required, new locks including the cost of their installation.

The most we will pay under this Additional Coverage for loss or damage in any one occurrence is the Lost Key Consequential Loss Limit of Insurance indicated in the Supplemental Schedule.

W. Mobile Equipment

We will pay for direct physical loss or damage to your owned and rented mobile equipment, including forklifts, lawn movers, electric carts, tractors and similar vehicles.

This Additional Coverage does not apply to mobile equipment licensed for use on public roads or insured elsewhere.

The most we will pay under this Additional Coverage for loss or damage in any one occurrence is the Limit of Insurance indicated in the Supplemental Schedule.

X. Money And Securities

1. Under this Additional Coverage you may extend the insurance that applies to Your Business Personal Property under the Building And Personal Property Coverage Form to pay for loss of your "money" and "securities" while at a "banking premises", within your living quarters or the living quarters of your partners or any "employee" having use and custody of your property, at the described premises, or in transit between any of these places, resulting directly from:

- a. "Theft" committed by someone other than you, your managers, partners, "members", officers, directors or "employees";
- b. Disappearance; or
- c. Destruction.

2. Under the Causes Of Loss – Special Form, Subparagraph **C.1.e** is deleted and replaced by:

Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property. This limitation does not apply to the Additional Coverage for Money And Securities.

3. In addition to Section **B. Exclusions** and Section **C. Limitations** applicable to the Causes Of Loss – Special Form, we will not pay for the loss of "money" or "securities" under this Additional Coverage.
 - a. Resulting from accounting or arithmetical errors or omissions;
 - b. Due to the giving or surrendering of property in any exchange or purchase;
 - c. After it has been transferred or surrendered to a person or place outside the "premises" or "banking premises" on the basis of unauthorized instructions or as a result of any threat.
 - d. Contained in any money-operated device unless the amount of "money" deposited in it is recorded by a continuous recording instrument in the device.
 - e. That is excluded pursuant to the exclusions set forth in Section **III. Additional Crime Exclusions** of this Extension Endorsement.

4. The most we will pay under this Additional Coverage for loss of “money” and/or “securities” in any one occurrence is:
 - a. The Money And Securities – Inside The Premises Limit of Insurance indicated in the Supplemental Schedule while:
 - (1) Inside the described premises; or
 - (2) At a “banking premises”; or
 - b. The Money And Securities – Outside The Premises Limit of Insurance indicated in the Supplemental Schedule while anywhere else.

However, if you have other insurance covering the Money And Securities loss we cover under this endorsement, we will pay only for the amount of covered loss in excess of the amount due from that other insurance, whether you can collect it or not. But, we will not pay more than the applicable Money And Securities limit shown in the Supplemental Schedule.

All loss caused by one or more persons or involving a single act or series of related acts is considered one “occurrence”.

5. In addition to the conditions set forth in Section **IV**. Additional Conditions of this Extension Endorsement, the following additional condition is added under Section **E**. Loss Conditions of the Building And Personal Property Coverage Form to apply to this Additional Coverage:
 - a. Subparagraph 7. Valuation is amended to add the following condition:

The value of any loss for purposes of coverage under the Additional Coverage for Money and Securities shall be determined as follows:

 - (1) “Money” at its face value; and
 - (2) “Securities” at their value at the close of business on the day the loss is discovered.
 - b. We will only pay up to \$5,000 for any one “occurrence” of loss of or damage to manuscripts, drawings, or records of any kind, or the cost of reconstructing them or reproducing any information contained in them.
 - c. The coverage provided under this Additional Coverage for Money And Securities – Outside The Premises does not apply to precious metals.

A \$1,000 deductible applies to this Additional Coverage.

Y. Money Orders And Counterfeit Money

We will pay for loss resulting from your having accepted the following, in good faith, in exchange for merchandise, “money” or services:

1. Money orders issued by any post office, express company or bank that are not paid upon presentation; or
2. “Counterfeit money” that is acquired during the regular course of business.

The most we will pay under this Additional Coverage for loss from money orders and “counterfeit money” in any one “occurrence” is the Limit of Insurance indicated in the Supplemental Schedule.

Z. Ordinance Or Law

1. Increased Cost Of Construction

Under this Additional Coverage, the \$10,000 and 5% alternative Limits in both places in Subparagraph **A.4.e.(6)** applicable to each described building are deleted and replaced by the Limit of Insurance indicated for Increased Cost of Construction under the Ordinance or Law Additional Coverage indicated in the Supplemental Schedule.

- 2.** You may also extend the insurance that applies to Buildings described in the Declarations for which the Replacement Cost Optional Coverage applies to include the Ordinance Or Law coverages set forth below in Paragraphs **Z.3.** and **Z.4.**, provided the ordinance or law:
 - a.** Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premise;
 - b.** Is in force at the time of loss; and
 - c.** The building sustains direct physical damage that is covered under the policy and such damage results in enforcement of the ordinance or law.

3. Coverage For Loss To The Undamaged Portion Of The Building

With respect to the building that has sustained covered direct physical damage, we will pay under this coverage for the loss in value of the undamaged portion of the building as a consequence of enforcement of an ordinance or law that requires demolition of undamaged parts of the same building.

This coverage is included within the Limit of Insurance shown in the Declarations as applicable to the covered building. This coverage does not increase the Limit of Insurance.

When there is a loss in value of an undamaged portion of a building to which this Additional Coverage applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:

- a.** If the property is being repaired or replaced on the same or another premises, we will not pay more than the lesser of:
 - (1)** The amount you would actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or
 - (2)** The Limit of Insurance shown in the Declarations as applicable to the covered building.
- b.** If the property is not repaired or replaced, we will not pay more than the lesser of:
 - (1)** The actual cash value of the building at the time of loss; or
 - (2)** The Limit of Insurance shown in the Declarations (or schedule of insured locations) as applicable to the covered building.

4. Demolition Cost Coverage

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building, as a consequence of enforcement of an ordinance or law that requires demolition of such undamaged property.

We will not pay more than the lesser of the following:

- a. The amount you actually spend to demolish and clear the site of the described premises; or
 - b. The Limit of Insurance indicated for Demolition Cost Coverage under the Ordinance or Law Additional Coverage indicated in the Supplemental Schedule.
5. We will not pay under the Demolition Cost Coverage or Coverage For Loss To The Undamaged Portion Of The Building for loss or damage arising out of:
- a. Enforcement of any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
 - b. The costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.
6. The terms of this Additional Coverage apply separately to each building to which this Additional Coverage applies.
7. Under this Additional Coverage, we will not pay for loss due to any ordinance or law that:
- a. You were required to comply with before the loss, even if the building was undamaged; and
 - b. You failed to comply with.
8. The coverage provided under this Additional Coverage does not increase the "Period of Restoration" or otherwise increase or enlarge your coverage under the Business Income (And Extra Expense) Coverage Form, or any other coverage forms issued by us.

AA. Outdoor Signs

1. Under Section **C. Limits Of Insurance** of the Building And Personal Property Coverage Form, the \$2,500 per occurrence Limit of Insurance for outdoor signs is deleted and replaced by the Limit of Insurance for Outdoor Signs indicated in the Supplemental Schedule.
2. Under Section **B. Exclusions** of the Causes Of Loss – Special form, we will not pay for loss or damage to outdoor signs caused by or resulting from any of the following:
 - a. Earth Movement
 - b. Governmental Action
 - c. Nuclear Hazard

- d. War And Military Action
- e. Water
- f. Exclusions **2.d.(1)**., **2.d.(2)** and **2.d.(6)**.

The most we will pay under this Additional Coverage for loss or damage in any one occurrence is the Outdoor Signs Limit of Insurance indicated in the Supplemental Schedule.

BB. Property In The Open

Under the Building And Personal Property Coverage Form, you may extend Your Business Personal Property to include coverage for property in the open beyond 1,000 feet of the described premises.

We will pay for loss or damage to property in the open only if:

1. Prior to loss, you submit to us a schedule describing the property in the open, describing the premises and stating the value of the property.
2. Such loss or damage is caused by a "specified cause of loss".

The most we will pay under this Additional Coverage for any one occurrence is the Limit of Insurance indicated in the Supplemental Schedule, even if the value of the property exceeds that amount.

CC. Property In Transit

The following changes apply to Subparagraph 1. Property In Transit of Section **F**. Additional Coverage Extensions under the Causes of Loss - Special Form:

1. Subparagraph **1.a.** is deleted and replaced by the following:
 - a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property may be in or on a motor vehicle you own, lease or operate or in or on a vehicle of a third party carrier that you hire to transport your goods while between points in the coverage territory.
2. Subparagraph **1.b.(2)** is deleted and replaced by the following:

(2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle, or a vehicle of a third party carrier that you hire to transport your goods, with another vehicle or object. It does not mean your vehicle's, or the third party carrier vehicle's, contact with the road bed.
3. The \$5,000 Limit of Insurance under Subparagraph **1.c.** is deleted and replaced by the Limit of Insurance for Property In Transit indicated in the Supplemental Schedule.

However, if you have other insurance covering a Property In Transit loss we cover under this endorsement, we will pay only for the amount of covered loss in excess of the amount due from that other insurance, whether you can collect it or not. And we will not pay more than the \$5,000 Limit of Insurance provided under Subparagraph **1.c.** Property In Transit of Section **F**. Additional Coverage Extensions under the Causes of Loss – Special Form.

A \$1,000 deductible applies to this Extension.

DD. Property Of Others You Transport

1. You may extend the insurance that applies to your personal property to apply to property of others transported by you (other than property in the care, custody or control of your salespersons) while in transit more than 1,000 feet from the described premises. Property must be in or on a motor vehicle you own, lease, hire or operate while between points in the coverage territory.
2. Loss or damage must be caused by or result from one of the following causes of loss:
 - a. Fire. Lightning, explosion, windstorm or hail, riot or civil commotion or vandalism;
 - b. Vehicle collision, upset or overturn; or
 - c. Theft of property in transit by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.

For purposes of this Additional Coverage, Collision means accidental contact of your vehicle, or a vehicle of a third party carrier that you hire to transport property of others, with another vehicle or object. It does not mean your vehicle's, or the third party carrier vehicle's, contact with the road bed.

The most we will pay under this Additional Coverage in any one occurrence is the Property Of Others Transport Limit of Insurance indicated in the Supplemental Schedule.

EE. Reward Payment – Arson, Theft Or Vandalism

Under this Additional Coverage, we will reimburse you for a reward paid for information that leads to an arrest and conviction of any person for arson, "theft" or vandalism. The arrest and conviction must involve a Covered Cause of Loss to Covered Property caused by arson, "theft" or vandalism. The amount we pay is not increased by the number of persons involved in providing information.

The following additional conditions apply:

1. An eligible person means that person designated by a law enforcement agency as being the first to voluntarily provide the information leading to the arrest and conviction or return of the stolen Covered Property, and who is not:
 - a. You;
 - b. Your "employee";
 - c. Any person employed by a law enforcement agency or a business engaged in property protection;
 - d. Any person who had custody of the Covered Property at the time the "theft" was committed; or
 - e. Any person involved in the crime.
2. No reward will be reimbursed unless and until the person(s) committing the crime is (are) convicted or the Covered Property is returned to you.
3. You must have issued public notice of a reward prior to the first person volunteering the information or returning the stolen Covered Property.

The most we will pay under this Additional Coverage in any one occurrence is the lesser of the amount of the reward paid or the Limit of Insurance indicated in the Supplemental Schedule for Reward Payments. Such amount is additional insurance. No deductible applies to this Additional Coverage

FF. Spoilage – Includes Breakdown Or Contamination

1. Under the Building And Personal Property Coverage Form, coverage is extended as follows to apply to loss or damage to your “perishable stock” caused by or resulting from the “Breakdown Or Contamination” cause of loss described below.
 - a. For purposes of this Additional Coverage, Paragraph **A.1.b.(3)** of Covered Property is amended to include “perishable stock” at the described premises owned by you or by others that is in your care, custody or control.
 - b. Property located on buildings or in the open or in vehicles is considered to be Property Not Covered.
 - c. With respect to the coverage provided under this Additional Coverage, Paragraph **F. Additional Conditions** is replaced by the following:

F. Additional Condition

The following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions:

Refrigeration Maintenance Agreements

With respect to the “Breakdown Or Contamination” cause of loss, the following condition applies:

You must maintain a refrigeration maintenance or service agreement. If you voluntarily terminate this agreement and do not notify us, the insurance provided by this endorsement will be automatically suspended at the involved location.

- d. The following is added to Section **H. Definitions**:

“Perishable stock” means personal property:

- a. Maintained under controlled conditions for its preservation; and
- b. Susceptible to loss or damage if the controlled conditions change.

- e. As used in this Additional Coverage:

(1) “Breakdown or contamination” means:

(a) Change in temperature or humidity resulting from mechanical breakdown or mechanical failure of refrigerating, cooling or humidity control apparatus or equipment, only while such equipment or apparatus is at the described premises; and

(b) Contamination by the refrigerant.

This Additional Coverage does not apply to loss or damage that results from breakdown of refrigeration equipment while property is in transit, as it may apply under the Property in Transit Additional Coverage.

This Additional Coverage does not apply to power outage, which means change in temperature or humidity resulting from complete or partial

interruption of electrical power, either on or off the described premises, due to conditions beyond your control.

2. Under the Causes Of Loss - Special Form, the following applies:

- a. Section **F. Additional Coverage Extensions** is extended to apply the “Breakdown Or Contamination” cause of loss to loss or damage to “perishable stock” covered under this Spoilage Additional Coverage.
- b. The following is added to Section **B. Exclusions**:

We will not pay for loss or damage to “perishable stock” caused by or resulting from:

- (1) The disconnection of any refrigerating, cooling or humidity control system from the source of power.
- (2) The deactivation of electrical power caused by the manipulation of any switch or other device used to control the flow of electrical power or current.
- (3) Power outages, meaning change in temperature or humidity resulting from complete or partial interruption of electrical power, either on or off the described premises, due to conditions beyond your control;
- (4) The inability of an Electrical Utility Company or other power source to provide sufficient power due to:
 - (a) Lack of fuel; or
 - (b) Governmental order.
- (5) The inability of a power source at the described premises to provide sufficient power due to lack of generating capacity to meet demand.
- (6) Breaking of any glass that is a permanent part of any refrigerating, cooling or humidity control unit.

3. The most we will pay for all direct physical loss or damage to “perishable stock” is the Spoilage – Including Breakdown Or Contamination Limit of Insurance indicated in the Supplemental Schedule.

However, if you have other insurance covering the Spoilage loss that we cover under this endorsement, we will pay only for the amount of covered loss in excess of the amount due from that other insurance, whether you can collect it or not. But, we will not pay more than the applicable Spoilage – Including Breakdown Or Contamination Limit of Insurance indicated in the Supplemental Schedule.

This Additional Coverage does not increase the Limit of Insurance.

4. The coverage provided under this Spoilage Additional Coverage does not increase the actual loss of Business Income (And Extra Expense) you sustain during the “period of restoration” under the Utility Services Additional Coverage.

GG. Tank Leakage

The following provision is added to Section **C. Limitations of the Causes Of Loss – Special Form**:

We will pay for the loss of liquids from above ground tanks caused by or resulting from the sudden breakage, failure or malfunction of the tank or its apparatus. We will not pay for loss of liquids from above ground tanks due to repeated leakage or seepage, or for any inventory shortage.

The most we will pay for this Additional Coverage for loss or damage of liquids occurring during each separate 12-month period of this policy is the Limit of Insurance indicated in the Supplemental Schedule.

HH. Terminal Access Card

We will pay for loss of Your Business Personal Property or business personal property of others in your care, custody or control caused by the use of a terminal access card that has been lost, stolen or obtained by kidnapping.

Terminal access card means an imprinted card, key or other unlocking device, which allows access to a premises or terminal or activates a locked device, such as a fuel pump.

The most we will pay for this Additional Coverage in any one loss at each described premises is the Terminal Access Card Limit of Insurance indicated in the Supplemental Schedule.

II. Underground Water And Backup Of Sewers And Drains

1. We will pay for direct physical loss or damage to Covered Property caused by or resulting from water or waterborne material:

- a. That backs up or overflows from a sewer or drain located on a described premises;
- b. That overflows from a sump located at a described premises, even if the overflow results from mechanical breakdown of a sump pump or its appurtenant equipment. However, we will not pay the cost of repairing or replacing a sump pump or its appurtenant equipment in the event of mechanical breakdown;
- c. Water under the ground water surface pressing on, or flowing or seeping through:
 - (1) Foundations, walls, floors or paved surfaces; or
 - (2) Basements.

2. This Additional Coverage does not apply to loss or damage resulting from the routine maintenance or repair:

- a. Of sump pumps and their appurtenant equipment; or
- b. To keep sewers and drains free from obstructions.

3. Except as provided under this Additional Coverage, the Water exclusion under Paragraph **B.1.g.** of the Causes Of Loss - Special Form continues to apply. The most we will pay under this Additional Coverage for loss or damage in any one occurrence is the Limit of Insurance indicated in the Supplemental Schedule.

JJ. Valuable Papers And Records (Other Than Electronic Data)

1. Under the Building And Personal Property Coverage Form, the \$2,500 Limit of Insurance in Subparagraph **A.5.c.(4)** of the Valuable Papers And Records (Other Than Electronic Data) Coverage Extension is deleted and replaced by the Limit

of Insurance indicated for Valuable Papers And Records (Other Than Electronic Data) in the Supplemental Schedule.

2. Under this Extension, valuable papers and records means inscribed, printed or written documents, manuscripts and records, including abstracts, books, deeds, drawings, films, maps or mortgages. But, valuable papers and records does not mean "money" or "securities", electronic data or accounts receivable.
3. This Extension is subject to the following exclusions:
 - a. Under the Causes Of Loss – Special Form:
 - (1) Exclusion **B.1.c.** Governmental Action
 - (2) Exclusion **B.1.d.** Nuclear Hazard
 - (3) Exclusion **B.1.f.** War And Military Action
 - (4) Exclusion **2.f.**, **2.g.** and **3.**
 - b. Under this Extension Endorsement:
 - (1) The computer-related losses exclusion
 - (2) The computer advice or consultation exclusion.
4. Coverage under this Extension is extended to apply to loss or damage to "valuable papers and records" off premises. The most we will pay in any one occurrence is the Valuable Papers And Records (Other Than Electronic Data) – Off Premises Limit of Insurance indicated in the Supplemental Schedule.

A \$1,000 deductible applies to this Additional Coverage.

KK. Newly Acquired Or Constructed Property – Building

Under the Building And Personal Property Coverage Form, the newly Acquired Or Constructed Property Coverage Extension for Building is amended as follows:

1. The \$250,000 Limit of Insurance at each building in Subparagraph **A.5.a.(1)** is deleted and replaced by the Limit of Insurance indicated for Newly Acquired Or Constructed Building in the Supplemental Schedule.
2. The 30 days Period Of Coverage in Subparagraph **A.5.a.(3)(b)** is deleted and replaced by 90 days.

LL. Newly Acquired Or Constructed Property – Your Business Personal Property

Under the Building And Personal Property Coverage Form, the newly Acquired Or Constructed Property Coverage Extension for Your Business Personal Property is amended as follows:

1. The \$100,000 Limit of Insurance at each building in Subparagraph **A.5.a.(2)** is deleted and replaced by the Limit of Insurance indicated for Newly Acquired Business Personal Property in the Supplemental Schedule.
2. The 30 days Period Of Coverage in Subparagraph **A.5.(3)(b)** is deleted and replaced by 90 days.
3. With respect to "computers", the period of coverage for such newly acquired property ends when specific insurance at the newly acquired premises is obtained.

MM. Personal Effects And Property Of Others

Under the Building And Personal Property Coverage Form, the \$2,500 Limit of Insurance at each described premises in Subparagraph **A.5.b.** of the Personal Effects And Property Of Others Coverage Extension is deleted and replaced by the Personal Effects And Property Of Others Limit of Insurance indicated in Supplemental Schedule.

NN. Property Off-premises

Under the Building And Personal Property Coverage Form, Coverage Extension **5.d.** applicable to Property Off-premises is amended as follows:

1. Subparagraph **A.5.d.(1)** is extended to include property off-premises that is in the care, custody or control of your salespersons.
2. Subparagraph **A.5.d.(2)** is deleted and replaced by the following:
 - (2) This Extension does not apply to property:
 - (a) In or on a vehicle, except computers and duplicate or backup records not specifically excluded by Paragraph (b) below; or
 - (b) That is computers located at a premises you do not own, lease or operate for more than 90 days. This includes duplicate or backup records stored at a separate premises that is more than 1,000 feet from a described premises.
3. Subparagraph **A.5.d.(3)** regarding the most we will pay is replaced by the following:
 - (3) The most we will pay under this Extension for loss or damage in any one occurrence is the Property Off-premises Limit of Insurance indicated in the Supplemental Schedule.

OO. Outdoor Property

Under the Building And Personal Property Coverage Form, the Outdoor Property Coverage Extension **5.e.** is deleted and replaced by the following:

1. You may extend the insurance that applies to Your Business Personal Property to apply to the following outdoor property, including debris removal expense, located at the described premises:
 - a. Fences and/or retaining walls that are not part of a building;
 - b. Outdoor radio, television and other antennas, including satellite dishes, and their lead-in and support wiring, masts or towers,
2. For purposes of the property described in this Extension, Subparagraphs **2.i.** and **2.q.(2)** of Property Not Covered of Section **A.** Coverage do not apply.
3. This Extension applies to loss or damage caused by or resulting from the following causes of loss if they are Covered Causes of Loss:
 - a. Fire;
 - b. Lightning;
 - c. Explosion;
 - d. Riot or civil commotion; or

- e. Aircraft.

The most we will pay under this Extension for loss or damage in any one occurrence, regardless of the types or number of items lost or damaged in that occurrence is the Outdoor Property Limit of Insurance indicated in the Supplemental Schedule.

PP. Accounts Receivable

1. Under this Coverage Extension, you may extend the insurance that applies to Your Business Personal Property under the Building And Personal Property Coverage Form to apply to accounts receivable that cannot be collected because of direct physical loss of or damage to Covered Property caused by a Covered Cause of Loss. But this Extension does not apply to records that exist as electronic data. Electronic data has the meaning described under Property Not Covered.
2. We will pay:
 - a. All amounts due from your customers that you are unable to collect;
 - b. Interest charges on any loan required to offset amounts you are unable to collect pending our payment of these amounts;
 - c. Collection expenses in excess of your normal collection expenses that are made necessary by loss or damage; and
 - d. Other reasonable expenses that you incur to reestablish your records of accounts receivablethat result from direct physical loss or damage by any Covered Cause of Loss to your records of accounts receivable.
3. We will not pay for loss or damage:
 - a. Caused by or resulting from alteration, falsification, concealment or destruction of records of accounts receivable done to conceal the wrongful giving, taking or withholding of "money", "securities" or other property. This exclusion applies only to the extent of the wrongful giving, taking or withholding.
 - b. Caused by or resulting from bookkeeping, accounting or billing errors or omissions; and
 - c. That requires any audit of records or any inventory computation to prove its factual existence.
4. This Extension is subject to the following exclusions:
 - a. Under the Causes Of Loss – Special Form:
 - (1) Exclusion **B.1.c.** Governmental Action
 - (2) Exclusion **B.1.d.** Nuclear Hazard
 - (3) Exclusion **B.1.f.** War And Military Action
 - (4) Exclusion **2.f.**, **2.g.** and **3.**
 - b. Under this Extension Endorsement:
 - (1) The computer-related losses exclusion

(2) The computer advice or consultation exclusion.

5. The most we will pay under this Extension for loss or damage in any one occurrence at each described premises and at other than described premises is the Accounts Receivable Limit of Insurance indicated in the Supplemental Schedule. Such amount is additional insurance. This Additional Coverage is subject to a \$1,000 deductible.

QQ. False Pretense

1. You may extend the insurance that applies to Your Business Personal property to cover loss or damage to Covered Property when you or your agents, consignees or customers voluntarily part with the Covered property due to:
 - a. Having accepted false bills of lading or shipping receipts; or
 - b. Someone causing you to voluntarily part with the Covered Property by trick, scheme, device or false pretense.
2. Under the Causes Of Loss Special Form, Subparagraph 2.I. of Section B. Exclusions is deleted.
3. We will not pay for:
 - a. Loss or damage to Covered Property when the person committing the wrongful act is an "employee"; and
 - b. Any loss covered under the Money Orders And Counterfeit Money or Computer Fraud Additional Coverage.
4. The most we will pay under this Extension for loss or damage in any one occurrence is the False Pretense Limit of Insurance indicated in the Supplemental Schedule.

RR. Inventory And Appraisal Expense

Under the Building And Personal Property Coverage Form, you may extend the insurance that applies to Your Business Personal Property to apply to reasonable expenses incurred for inventories and appraisals made at our request to determine the extent of loss or damage to any of your Covered Property and not due to a disagreement.

We will not pay for any expenses incurred, directed or billed by or payable to any public adjuster or public accountant or their associates or subordinates or any costs as provided in Paragraph 2. Appraisal of Section E. Loss Conditions.

The most we will pay under this Extension in any one occurrence is the Limit of Insurance indicated in the Supplemental Schedule.

SS. Ordinance Or Law – Machinery And Equipment

1. Subject to Paragraph 2. below, if a Covered Cause of Loss damages machinery or equipment that is Covered Property, we will pay the additional costs to repair or replace the machinery or equipment as required by law.
2. If a Covered Cause of Loss damages refrigeration machinery or equipment that is Covered Property, we will pay:
 - a. The cost to reclaim the refrigerant as required by law;

- b. The cost to retrofit the machinery or equipment to use a non-CFC refrigerant as required by the Clean Air Act of 1990 and any amendments thereto or any other similar laws; and
 - c. The increased cost to recharge the system with a non-CFIC refrigerant.
- 3. We will not pay for the costs associated with the enforcement of any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", except as provided in Subparagraph 2.a. above.
- 4. Loss to the machinery or equipment will be determined as follows:
 - a. If replacement cost applies and the machinery or equipment is repaired or replaced, on the same or another premises, we will not pay more than the lesser of:
 - (1) The amount you actually spend to repair the machinery or equipment, but not for more than the amount it would cost to replace the machinery or equipment with machinery or equipment of the same kind and quality; or
 - (2) The Limit of Insurance shown in the Declarations as applicable to the covered Building or Your Business Personal Property.
 - b. If replacement cost applies and the machinery or equipment is not repaired or replaced, or if replacement cost does not apply, we will not pay more than the lesser of:
 - (1) The actual cash value of the machinery or equipment at the time of loss; or
 - (2) The Limit of Insurance shown in the Declarations as applicable to the covered Building or Your Business Personal Property.
 - c. We will not pay for loss due to any ordinance or law that:
 - (1) You were required to comply with before the loss, even if the machinery or equipment was undamaged; and
 - (2) You failed to comply with.
- 5. Paragraph 1.a. of Section B. Exclusions does not apply to this Additional Coverage.
- 6. The Coinsurance Additional Condition does not apply to this Additional Coverage.

TT. Trees, Shrubs And Plants (Other Than Stock)

Under the Building And Personal Property Coverage Form, you may extend the insurance that applies to Your Business Personal Property to apply to your trees, shrubs and plants, other than "stock" at described premises.

This Additional Coverage is subject to the Causes Of Loss - Special Form. In addition, the following exclusions apply to this Additional Coverage:

We will not pay for loss or damage to trees, shrubs or plants caused by or resulting from any of the following:

- 1. Dampness or dryness of atmosphere;

2. Changes in or extremes of temperature; or
3. Rain, snow, ice or sleet.

UU. Dependent Properties

The following Extension is added as Additional Coverage under the Business Income (And Extra Expense) Coverage Form:

1. We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage at the premises of a "dependent property" caused by or resulting from a Covered Cause of Loss. However, coverage under this Extension does not apply when the only loss to "dependent property" is loss or damage to electronic data, including destruction or corruption of electronic data. If the "dependent property" sustains loss or damage to electronic data and other property, coverage under this endorsement will not continue once the other property is repaired, rebuilt or replaced. The term electronic data has the meaning set forth in the Coverage Form to which this Coverage Extension applies. The definitions of "dependent property" and "period of restoration" are set forth in Section V. Additional Definitions of this Extension Endorsement
2. The provisions of the Business Income Coverage Form respecting direct physical loss or damage at the described premises will apply separately to each premises of "dependent property". The Limit of Insurance shown in the Supplemental Schedule for "dependent property" is separate from any Business Income Limit of Insurance in this policy applicable when direct physical loss or damage occurs at your premises.
3. The most we will pay for all such loss arising out of loss or damage at the premises of all "dependent properties" combined is the Limit of Insurance indicated in the Supplemental Schedule for Dependent Properties.
4. With respect to "dependent property", the following replaces Subparagraph **C.3.c.(1)** under the Resumption Of Operations Provision of the Loss Determination Loss Condition of the Business Income (And Extra Expense) Coverage Form:
 - (1) Business Income loss, other than Extra Expense, to the extent you can resume "operations", in whole or in part, by using any other available:
 - (a) Source of materials; or
 - (b) Outlet for your products.

This limited coverage for dependent properties provided under this Extension only applies when the Business Income (And Extra Expense) Coverage Form applies to your policy, for which a Business Income (And Extra Expense) Limit is shown in the Declarations. It does not apply to any other coverage forms issued by us.

VV. Contractual Penalties

We will pay contractual penalties imposed by written contract between you and your customers. These penalties must:

1. Result from your failure to deliver your product or service on time according to contract terms;

2. Result from direct physical loss or damage to Covered Property by a Covered Cause of Loss; and
3. Have been paid by you to your customer.

The most we will pay under this Additional Coverage in any one Policy Period is the Contractual Penalties Limit of Insurance indicated in the Supplemental Schedule.

WW. Utility Services – Direct Damage And Time Element

1. Coverage

Under this Additional Coverage, we will pay for:

- a. Loss of or damage to Covered Property, other than “perishable stock” defined in the Spoilage Additional Coverage, at the premises described in the Declarations caused by an interruption in utility services, described in Paragraph 3. below, to the described premises; and
- b. Your Business Income loss and/or Extra Expense, as provided and limited in the applicable Coverage Form, resulting from your “suspension” of “operations” at the described premises caused by an interruption in utility services to that premise.

Under both a. and b above, the interruption in utility services must result from direct physical loss or damage by a Covered Cause of Loss to the property described in Paragraph 3. below.

The Business Income and Extra Expense coverage provided under this Extension Endorsement only applies at a covered premises described in the Commercial Property Coverage Part Supplemental Declarations for which a Business Income (and Extra Expense) Limit is shown.

2. Exception

Coverage under this Additional Coverage for loss or damage to Covered Property does not apply to electronic data, including destruction or corruption of electronic data, nor does it apply to Business Income loss or Extra Expense related to interruption in utility service which causes loss or damage to electronic data, including destruction or corruption of electronic data. The term electronic data has the meaning set forth in the Coverage Form to which this Extension Endorsement applies.

3. Utility Services

- a. Water Supply Services, meaning the following types of property supplying water to the described premises:
 - (1) Pumping stations; and
 - (2) Water mains.
- b. Communication Supply Services, meaning property supplying communication services, including telephone, radio, microwave or television services to the described premises, such as:
 - (1) Communication transmission lines, including optic fiber transmission lines;
 - (2) Coaxial cables; and

- (3) Microwave radio relays except satellites.
- c. Power Supply Services, meaning the following types of property supplying electricity, steam or gas to the described premises:
 - (1) Utility generating plants;
 - (2) Switching stations;
 - (3) Substations;
 - (4) Transformers; and
 - (5) Transmission lines.

Overhead transmission lines are covered unless specifically excluded elsewhere in the policy.

- 4. For the purpose of this Coverage Extension, Utility Services exclusion **B.1.e.** of the Causes Of Loss – Special Form does not apply.
- 5. The most we will pay for loss or damage under this Coverage Extension for the combination of coverage **a.** and **b.** set forth in Paragraph 1. above is the Limit of Insurance indicated for Utility Services – Direct Damage And Time Element listed in Supplemental Schedule for the actual loss of Business Income and/or Extra Expense you sustain during the “period of restoration” and/or loss or damage to Covered Property for any one occurrence.

This limited coverage for utility services does not constitute a Covered Cause of Loss under the Business Income (And Extra Expense) Coverage Form, or any other coverage forms issued by us, other than as provided in this endorsement; and Utility Services exclusion **B.1.e** in the Causes Of Loss – Special Form continues to apply to all such coverage forms.

XX. Transit Business Income

Under the Building And Personal Property Coverage Form, Paragraph 5. Coverage Extensions is amended to add coverage for transit business income.

We will pay for the actual loss of Business Income (And Extra Expense) you sustain due to direct physical loss of or damage to Covered Property in transit caused by or resulting from any Covered Cause of Loss.

Payment under this Additional Coverage is part of, not in addition to, the Business Income (And Extra Expense) Coverage Limit of Insurance stated in the Declarations as applicable to the described premises.

YY. Resumption Of Operations

Under the Additional Coverage for Resumption Of Operations, the following deletes and replaces Subparagraph **c.(1)** under Resumption Of Operations of the Loss Determination Condition in the Business Income (And Extra Expense) Coverage Form:

Business Income loss, other than Extra Expense, to the extent you can resume your “operations”, in whole or in part by using:

- 1. Damaged or undamaged property, including merchandise of “stock”, at the described premises or elsewhere; or
- 2. Any other available source of materials or outlet for your products.

ZZ. Foundations And Underground Pipes

Under the Building and Personal Property Coverage Form, Subparagraphs **2.f.**, **2.g.** and **2.m.** of Property Not Covered of Section **A.** Coverage do not apply.

The most we will pay for all loss or damage in any one occurrence under this Additional Coverage for Foundations and Underground Pipes is the Limit of Insurance indicated in the Supplemental Schedule.

AAA. Awnings And Canopies – Permanently Attached

Under the Building And Personal Property Coverage Form, Subparagraph **A.1.a.(1)** applicable to completed additions to buildings is extended to include coverage for loss or damage from a Covered Cause of Loss to permanently attached awnings and canopies.

The limit for this Extension is included in the Limit of Insurance applicable to the building.

BBB. Fuel Storage Tanks And Pumps

Under the Building and Personal Property Coverage Form, you may extend the insurance that applies to Building to apply to the following:

Above and below ground fuel storage tanks, including:

- (1) Gasoline, diesel, kerosene or propane fuel storage tanks, including their contents, piping and connections pertaining thereto; and
- (2) Gasoline, diesel, kerosene or propane fuel pumps and their electrical equipment.

For purposes of this Extension, Subparagraph **2.m.** (pertaining to underground pipes, flues and drains) of Property Not Covered of Section **A.** Coverage does not apply.

The limit for this Extension is included in the Limit of Insurance applicable to the building.

SECTION II. LIMITS OF INSURANCE

Under the Building And Personal Property Coverage Form, Section **C.** Limits Of Insurance is amended to add the following:

1. Automatic Increase - Building

- a. The Limit of Insurance for buildings will automatically increase by the Automatic Increase - Building percentage shown in the Supplemental Schedule.
- b. The Automatic Increase - Building percentage applies proportionately throughout the Policy Period. The actual amount of increase available on the day of loss or damage will be the last limit fixed for the property in the policy at inception, at anniversary or as subsequently endorsed:
 - (1) Times the Automatic Increase - Building percentage from the Supplemental Schedule;
 - (2) Times the number of days since the limit was last fixed;
 - (3) Divided by 365.

2. Automatic Increase – Your Business Personal Property

- a. The Limit of Insurance for Your Business Personal Property will automatically increase by the Automatic Increase – Your Business Personal Property percentage shown in the Supplemental Schedule.
- b. The Automatic Increase - Your Business Personal Property percentage applies proportionately throughout the Policy Period. The actual amount of increase available on the day of loss or damage will be the last limit fixed for the business personal property in the policy at inception, at anniversary or as subsequently endorsed:
 - (1) Times the Automatic Increase - Your Business Personal Property percentage from the Supplemental Schedule;
 - (2) Times the number of days since the limit was last fixed;
 - (3) Divided by 365.

SECTION III. ADDITIONAL CRIME EXCLUSIONS

The following additional exclusions are added to Section **B. Exclusions of the Causes Of Loss – Special Form**, but only with respect to the described Additional Coverages:

With respect to the Additional Coverages applicable to Employee Dishonesty, Forgery Or Alteration, Money And Securities, Computer Fraud and/or Money Orders And Counterfeit Money, we will not pay for loss or damage:

- a. Resulting from any dishonest or criminal act that you or any of your partners or "members" commit whether acting alone or in collusion with other persons;
- b. Resulting from loss caused by an "employee" if the "employee" had also committed "theft" or any other dishonest act prior to the effective date of this insurance and you or any of your partners, "members", "managers", officers, directors or trustees, not in collusion with the "employee", learned of that "theft" or dishonest act prior to the Policy Period shown in the Declarations.
- c. Resulting from any dishonest act committed by any of your "employees", except as provided for Employee Dishonesty, "managers" or directors:
 - (1) Whether acting alone or in collusion with other persons; or
 - (2) While performing services for you or otherwise;
- d. Resulting from the unauthorized disclosure of your confidential information or the unauthorized use or disclosure of confidential information of another person or entity which is held by you.
- e. Resulting from a loss that is an indirect result of any act or occurrence covered by this Additional Coverage including, but not limited to, loss resulting from:
 - (1) Your inability to realize income that you would have realized had there been no loss of or damage to "money", "securities" or other property;
 - (2) Payment of damages of any type for which you are legally liable. But, we will pay compensatory damages arising directly from a loss covered under this Additional Coverage;
 - (3) Payment of costs, fees or other expenses you incur in establishing either the existence or the amount of loss under this Additional Coverage; or

- f. Resulting from expenses related to any legal action.

SECTION IV. ADDITIONAL CONDITIONS

A. The following additional conditions apply to Section **E.** Loss Conditions of the Building And Personal Property Coverage Form:

- 1. Under Paragraph **3.** Duties In The Event Of Loss Or Damage, the following condition is added:

Notice Of A Loss Occurrence

Notice of a loss occurrence by an agent, servant or "employee" of yours shall not constitute notice to you unless the agent, servant or "employee" is an officer, partner, "manager" of yours or any risk management personnel and/or any "employee(s)" responsible for accepting notice or handling claims.

- 2. Under Paragraph **4.** Loss Payment, the following condition is added:

Partial Payment Of Loss

We may, at our discretion, issue a partial payment of loss, subject to the policy provisions and the normal loss adjustment process. To qualify for a partial payment of loss:

- a. You must submit a sworn, partial proof of loss with supporting documentation. We will supply the necessary forms; and
- b. You must satisfy any applicable deductible.

However, we reserve the right to deny your claim in whole or in part. If we ultimately deny your claim, you must reimburse us for any partial payment we have made.

- 3. Under Paragraph **7.** Valuation, the following condition is added:

Pairs Or Sets

In case of a total loss of any items that are part of a pair or set that is individually listed and described in the Declarations, we will pay the full Limit of Insurance shown in the Declaration for that pair or set.

In the case of loss to any part of a pair or set that is not individually listed and described in the Declarations, we may:

- a. Repair or replace any part to restore the pair or set to its value prior to the loss; or
- b. Pay the difference between the value of the pair or set prior to and following the loss.

- 4. With respect to the Crime Additional Coverages applicable to Employee Dishonesty, Forgery Or Alteration, Money And Securities, Computer Fraud and Money Orders And Counterfeit Money, the following apply:

Duties In The Event Of Loss

After you discover a loss or a situation that may result in loss of or damage to "money", "securities" or "other property" you must:

- a. Notify us as soon as possible. If you have reason to believe that any loss involves a violation of law, you must also notify the local law enforcement authorities;
- b. Submit to examination under oath at our request and give us a signed statement of your answers;
- c. Give us a detailed, sworn proof of loss within 120 days. With respect to Forgery Or Alteration, you must include with your proof of loss any instrument involved in that loss, or if that is not possible, an affidavit setting forth the amount and cause of loss; and
- d. Cooperate with us in the investigation and settlement of any claim.

Loss Sustained During Prior Insurance

We will pay only for covered loss or damage sustained during the Policy Period and discovered no later than one year from the end of the Policy Period.

Extended Period To Discover Loss

If you (or any predecessor in interest) sustained loss or damage during the Policy Period of any prior insurance that you could have recovered under that insurance except that the time within which to discover loss or damage had expired, we will pay for it under this Additional Coverage, provided:

- a. This Additional Coverage became effective at the time of cancellation or termination of the prior insurance; and
- b. The loss or damage would have been covered by this Additional Coverage had it been in effect when the acts or events causing the loss or damage were committed or occurred.

The insurance under this condition is part of, not in addition to, the Limit of Insurance applying to this Additional Coverage and is limited to the lesser of the amount recoverable under:

- (1) This Additional Coverage as of its effective date; or
- (2) The prior insurance had it remained in effect.

Records

You must keep records of all "money" and "securities" so we can verify the amount of any loss or damage

Recoveries

- a. Any recoveries, less the cost of obtaining them, made after settlement of loss covered by this policy will be distributed as follows:
 - (1) To you, until you are reimbursed for any loss that you sustain that exceeds the Limit of Insurance and the Deductible, if any;
 - (2) Then to us, until we are reimbursed for the settlement made; and
 - (3) Then to you, until you are reimbursed for that part of the loss equal to the Deductible, if any.
- b. Recoveries do not include any recovery:

- (1) From insurance, suretyship, reinsurance, security or indemnity taken for our benefit; or
- (2) Of original "securities" after duplicates of them have been issued.

Loss Payable Under More Than One Crime Coverage

If any loss is covered under more than one Additional Coverage for Employee Dishonesty, Forgery Or Alteration, Money And Securities, Computer Fraud and/or Money Orders And Counterfeit Money, we will only pay loss under the Additional Coverage that provides the highest limit for the loss.

- B.** The following conditions are added to Section **F.** Additional Conditions of the Building And Personal Property Coverage Form:

F. Additional Conditions

Determination Of Accounts Receivable

- a. If you cannot accurately establish the amount of accounts receivable outstanding as of the time of loss or damage:
 - (1) We will determine the total of the average monthly amounts of accounts receivable for the 12 months immediately preceding the month in which the loss or damage occurs; and
 - (2) We will adjust that total for any normal fluctuations in the amount of accounts receivable for the month in which the loss or damage occurred or for any demonstrated variance from the average for that month.
- b. The following will be deducted from the total amount of accounts receivable, however that amount is established:
 - (1) The amount of the accounts for which there is no loss or damage;
 - (2) The amount of the accounts that you are able to re-establish or collect;
 - (3) An amount to allow for probable bad debts that you are normally unable to collect; and
 - (4) All unearned interest and service charges.

Unintentional Errors And Omissions

This insurance shall not be prejudiced by any unintentional act or inadvertent error or omission, incorrect valuation or incorrect description of your insurable interest, risk or property, provided notice is given to us as soon as practicable upon discovery of such error, omission, incorrect valuation or incorrect description. However, we will only cover the loss or damage to the extent we would have provided coverage had such unintentional act or inadvertent error or omission, incorrect valuation or incorrect description not been made.

You are to report any error or omission as soon as discovered. We will correct the policy and/or our records and charge you any additional premium due.

SECTION V. ADDITIONAL DEFINITIONS

The following definitions are added to the Building And Personal Property Coverage Form and/or the Business Income (And Extra Expense) Coverage Form, but only as respects coverage provided under this endorsement:

1. "Banking premises" means the interior of that portion on any building occupied by a banking institution or similar safe depository.
2. "Counterfeit money" means an imitation of "money" that is intended to deceive and to be taken as genuine.
3. "Defect" means a deficiency, inadequacy or dangerous condition.
4. "Dependent property" means property operated by others whom you depend on to:
 - a. Deliver materials or services to you or to others for your account. But any property which delivers any of the following services is not a Contributing Location with respect to such services:
 - (1) Water supply services;
 - (2) Power supply services; or
 - (3) Communication supply services, including services relating to internet access or access to any electronic network;
 - b. Accept your products or services;
 - c. Manufacture products for delivery to your customers under contract of sale; or
 - d. Attract customers to your business.

"Dependent property" does not include a road, bridge, tunnel, waterway, airfield, pipeline or any other similar area or structure.

5. "Employee", with respect to the Employee Dishonesty, Forgery Or Alteration, Money And Securities, Computer Fraud or Money Orders And Counterfeit Money Coverage Extensions, means:
 - a. Any natural person:
 - (1) While in your service or for 30 days after termination of service;
 - (2) Who you compensate directly by salary, wages or commissions; and
 - (3) Who you have the right to direct and control while performing services for you;
 - b. Any natural person who is furnished temporarily to you:
 - (1) To substitute for a permanent "employee" as defined in Paragraph 3.a. above, who is on leave; or
 - (2) To meet seasonal or short-term work load conditions;
 - c. Any natural person who is leased to you under a written agreement between you and a labor leasing firm, to perform duties related to the conduct of your business, but does not mean a temporary "employee" as defined in Paragraph 3.c. above;
 - d. Any natural person who is a former "employee", director, partner, "member", "manager", representative or trustee retained as a consultant while performing services for you; or
 - e. Any natural person who is a guest student or intern pursuing studies or duties, excluding, however, any such person while having care and custody of property outside any building you occupy in conducting your business.

But "employee" does not mean:

- (1) Any agent, broker, factor, commission merchant, consignee, independent contractor or representative of the same general character not specified in 3.a. through 3.e.; or
 - (2) Any "manager", director or trustee except while performing acts coming within the usual duties of an "employee".
6. "Fine arts" means bona fide works of art of rarity, historical value or artistic merit, including but not limited to paintings, etchings, pictures, tapestries and art glass windows.
7. "Forgery" means the signing of the name of another person or organization with intent to deceive; it does not mean a signature which consists in whole or in part of one's own name signed with or without authority, in any capacity, for any purpose.
8. "Fraudulent Instruction" means:
 - a. An electronic, telegraphic, cable, teletype, telefacsimile or telephone instruction which purports to have been transmitted by you, but which was in fact fraudulently transmitted by someone else without your knowledge or consent;
 - b. A written instruction (other than those described under the Forgery Or Alteration Extension) issued by you, which was forged or altered by someone other than you without your knowledge or consent, or which purports to have been issued by you, but was in fact fraudulently issued without your knowledge or consent; or
 - c. An electronic, telegraphic, cable, teletype, telefacsimile, telephone or written instruction initially received by you which purports to have been transmitted by an "employee" but which was in fact fraudulently transmitted by someone else without your or the "employee's" knowledge or consent.
9. "Funds" means "money" and "securities".
10. "Informant" means a person, other than an insured person providing information not otherwise obtainable, solely in return for a reward offered by you.
11. "Key" means a device which is used to open a lock.
12. "Manager" means a person serving in a directorial capacity for a limited liability company.
13. "Market Value" means the price which the property might be expected to realize, prior to loss or damage, if offered for sale in a fair market on the date the loss or damage occurred, the cost of reasonable restoration of the property or the replacement of the property with substantially the same property, whichever is less.
14. "Master key" means a key that opens all the locks of a set, the individual keys of which are not interchangeable.
15. "Member" means an owner of a limited liability company represented by its membership interest, who also may serve as a "manager".
16. "Messenger" means you, or a relative of yours, or any of your partners or "members", or any "employee" while having care and custody of property outside the premises.
17. "Money" means:
 - a. Currency, coins and bank notes in current use and having a face value; and

- b. Travelers checks, register checks and money orders held for sale to the public.
18. "Occurrence" means:
- a. Under Employee Dishonesty:
 - (1) An individual act;
 - (2) The combined total of all separate acts whether or not related; or
 - (3) A series of acts whether or not related; committed by an "employee" acting alone or in collusion with other persons, during the Policy Period shown in the Declarations.
 - b. Under Forgery Or Alteration:
 - (1) An individual act;
 - (2) The combined total of all separate acts whether or not related; or
 - (3) A series of acts whether or not related; committed by a person acting alone or in collusion with other persons, involving one or more instruments, during the Policy Period shown in the Declarations.
 - c. Under Money And Securities, Computer Fraud and Money Orders And Counterfeit Money:
 - (1) An individual act or event;
 - (2) The combined total of all separate acts or events whether or not related; or
 - (3) A series of acts or events whether or not related; committed by a person acting alone or in collusion with other persons, or not committed by any person, during the Policy Period shown in the Declarations,
19. "Other property" means any tangible property other than "money" and "securities" that has intrinsic value. "Other property" does not include computer programs, electronic data or any property specifically excluded under this insurance.
20. The "period of restoration" definition, with respect to "dependent property" is replaced by the following:
- "Period of restoration" means the period of time that:
- a. Begins 72 hours after the time of direct physical loss or damage caused by or resulting from any Covered Cause of Loss at the premises of the "dependent property"; and
 - b. Ends on the date when the property at the premises of the "dependent property" should be repaired, rebuilt or replaced with reasonable speed and similar quality.
- "Period of restoration" does not include any increased period required due to the enforcement of any ordinance or law that:
- (1) Regulates the construction, use or repair, or requires the tearing down of any property; or
 - (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

- 21.** "Premises" mean the interior of that portion of any building you occupy in conducting your business, with respect to the Employee Dishonesty, Forgery Or Alteration, Money And Securities, Computer Fraud or Money Orders And Counterfeit Money Coverage Extensions.
- 22.** "Reward" means money paid by you to an "informant" who leads to the arrest and conviction of parties responsible for the loss covered under this insurance.
- 23.** "Securities" means negotiable and non-negotiable instruments or contracts representing either "money" or other property and includes:
- a.** Redeemed coupons, tokens, tickets (except lottery tickets held for sale), revenue and other stamps (whether represented by actual stamps or unused value in a meter) in current use; and
 - b.** Evidences of debt issued in connection with credit or charge cards, which cards are not issued by you; but does not include "money".
- 24.** "Theft" means the unlawful taking of property to the deprivation of the insured.
- 25.** "Transfer account" means an account maintained by you at a financial institution from which you can initiate the transfer, payment or delivery of "funds":
- a.** By means of electronic, telegraphic, cable, teletype, telefacsimile or telephone instructions communicated directly through an electronic funds transfer system; or
 - b.** By means of written instructions (other than those described under the Extension for Forgery Or Alteration) establishing the conditions under which such transfers are to be initiated by such financial institution through an electronic funds transfer system.

AMC/Fairmont Property Coverage Extension Supplemental Schedule

Deluxe Form

This Schedule is used in conjunction with the Commercial Property Coverage Part Declarations when the Commercial Property Coverage Part includes the Property Coverage Extension Endorsement. This Schedule supplements the Commercial Property Coverage Part Declarations.

Additional Coverages And Coverage Extensions	Limits Of Insurance	
Accounts Receivable	\$ 100,000	Each Described Premises, Per Occurrence
	\$ 5,000	Not At Described Premises, Per Occurrence
Automatic Building Increase	2%	
Automatic Your Business Personal Property Increase	4%	
Awnings And Canopies – Permanently Attached	Included in	Building Limit
Brands And Labels	\$ 25,000	Per Occurrence
Business Income And Extra Expense	\$ 25,000	Per Occurrence
Computer Fraud	\$ 25,000	Per Occurrence
Consigned Property	\$ 25,000	Each Described Premises
Contractual Penalties	\$ 25,000	Per Occurrence
	\$ 50,000	Annual Aggregate
Credit Card Invoices	\$ 25,000	Per Occurrence
Damage To Building From Theft	\$ 25,000	Per Occurrence
Debris Removal – Covered Property	\$ 25,000	Each Described Premises, Per Occurrence
Debris Removal – Other Than Covered Property	\$ 25,000	Per Occurrence
Dependent Properties	\$ 25,000	Per Occurrence
Electronic Data	Data	\$ 25,000 Annual Aggregate
Processing Coverage	Equipment	\$ 100,000 Each Described Premises
	Interruption Of Computer Operations	\$ 25,000 Annual Aggregate
Employee Dishonesty	\$ 25,000	Per Occurrence
Erroneous Delivery Of Liquid Products	\$ 150,000	Per Occurrence
False Pretense	\$ 1,500	Per Occurrence
Fine Arts – Described Premises	\$ 25,000	Each Described Premises
Fine Arts – Newly Acquired Locations	\$ 10,000	Per Occurrence
Fire Department Service Charge	\$ 10,000	Per Occurrence
Fire Extinguisher Systems Expense	\$ 10,000	Per Occurrence
Forgery Or Alteration	\$ 25,000	Per Occurrence
Foundations And Underground Pipes	\$ 100,000	Per Occurrence
Fuel Storage Tanks And Pumps	\$	Included in Building Limit
Gas Or Oil Contamination	\$ 50,000	Per Occurrence
Inventory And Appraisal Expense	\$ 10,000	Per Occurrence
Leased, Loaned Or Rented Tanks And Related Equipment	\$ 10,000	Per Occurrence
Leasehold Interest – Undamaged Improvements And Betterments	\$ 50,000	Per Occurrence

Additional Coverages And Coverage Extensions	Limits Of Insurance	
Lessee Changeover – Building	\$ 100,000	Per Occurrence
Lost Key Consequential Loss	\$ 5,000	Per Occurrence
Mobile Equipment	\$ 25,000	Per Occurrence
Money And Securities – Inside The Premises	\$ 10,000	Per Occurrence
Money And Securities – Outside The Premises	\$ 5,000	Per Occurrence
Money Orders And Counterfeit Money	\$ 5,000	Per Occurrence
Newly Acquired Or Constructed Property – Buildings	\$ 1,000,000	Each Building
Newly Acquired Or Constructed Property – Your Business Personal Property	\$ 500,000	Each Building
Ordinance Or Law – Machinery And Equipment		Included in Property Limit
Ordinance Or Law Loss To The Undamaged Portion Of The Building		Included in Building Limit
Demolition Cost	\$ 100,000	Per Occurrence
Increased Cost Of Construction	\$ 100,000	Per Occurrence
Outdoor Property – Fences/Retaining Walls	\$ 10,000	Per Occurrence
Outdoor Property – Antennas	\$ 10,000	Per Occurrence
Outdoor Signs	\$ 10,000	Per Occurrence
Personal Effects And Property Of Others	\$ 10,000	Each Described Premises
Pollutant Clean Up And Removal At Described Premises And Non-Owned Premises	\$ 100,000	Each Premises
	\$ 100,000	Combined Annual Aggregate
	\$ 5,000	Deductible Per Occurrence Or Claim
Property In Transit	\$ 50,000	Per Occurrence
Property In the Open	\$ 100,000	Per Occurrence
Property Of Others You Transport	\$ 50,000	Per Occurrence
Property Off-premises	\$ 50,000	Per Occurrence
Reward Payment – Arson, Theft Or Vandalism	\$ 10,000	Per Person, Per Occurrence
Spoilage – Includes Breakdown Or Contamination	\$ 10,000	Each Described Premises
Tank Leakage	\$ 25,000	Annual Aggregate
Terminal Access Card	\$ 75,000	Each Described Premises
Transit Business Income		Included in Business Income Limit
Trees, Shrubs And Plants (Other Than Stock)	\$ 2,500	Any One Tree, Shrub or Plant
	\$ 25,000	Per Occurrence
Underground Water And Backup Of Sewers And Drains	\$ 25,000	Per Occurrence
Utility Services – Direct Damage And Time Element	\$ 10,000	Per Occurrence
Valuable Papers And Records (Other Than Electronic Data) – Described Premises	\$ 25,000	Each Described Premises
Valuable Papers And Records (Other Than Electronic Data) - Off Premises	\$ 5,000	Per Occurrence

The Coinsurance Additional Condition does not apply to the Property Coverage Extensions provided under this Supplemental Schedule.

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations, and any other person or organization qualifying as a Named Insured under this policy. The words "we", "us" and "our" refer to the company providing this insurance.

The word "insured" means any person or organization qualifying as such under Section II – Who Is An Insured.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section V – Definitions.

SECTION I – COVERAGES

COVERAGE A BODILY INJURY AND PROPERTY DAMAGE LIABILITY

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "bodily injury" or "property damage" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may, at our discretion, investigate any "occurrence" and settle any claim or "suit" that may result. But:

- (1) The amount we will pay for damages is limited as described in Section III – Limits Of Insurance; and
- (2) Our right and duty to defend ends when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages A or B or medical expenses under Coverage C.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages A and B.

b. This insurance applies to "bodily injury" and "property damage" only if:

- (1) The "bodily injury" or "property damage" is caused by an "occurrence" that takes place in the "coverage territory";
- (2) The "bodily injury" or "property damage" occurs during the policy period; and
- (3) Prior to the policy period, no insured listed under Paragraph 1. of Section II – Who Is An Insured and no "employee" authorized by you to give or receive notice of an "occurrence" or claim, knew that the "bodily injury" or "property damage" had occurred, in whole or in part. If such a listed insured or authorized "employee" knew, prior to the policy period, that the "bodily injury" or "property damage" occurred, then any continuation, change or resumption of such "bodily injury" or "property damage" during or after the policy period will be deemed to have been known prior to the policy period.

c. "Bodily injury" or "property damage" which occurs during the policy period and was not, prior to the policy period, known to have occurred by any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim, includes any continuation, change or resumption of that "bodily injury" or "property damage" after the end of the policy period.

d. "Bodily injury" or "property damage" will be deemed to have been known to have occurred at the earliest time when any insured listed under Paragraph 1. of Section II – Who Is An Insured or any "employee" authorized by you to give or receive notice of an "occurrence" or claim:

- (1) Reports all, or any part, of the "bodily injury" or "property damage" to us or any other insurer;
- (2) Receives a written or verbal demand or claim for damages because of the "bodily injury" or "property damage"; or
- (3) Becomes aware by any other means that "bodily injury" or "property damage" has occurred or has begun to occur.

- e. Damages because of "bodily injury" include damages claimed by any person or organization for care, loss of services or death resulting at any time from the "bodily injury".

2. Exclusions

This insurance does not apply to:

a. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the insured. This exclusion does not apply to "bodily injury" resulting from the use of reasonable force to protect persons or property.

b. Contractual Liability

"Bodily injury" or "property damage" for which the insured is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages:

- (1) That the insured would have in the absence of the contract or agreement; or
- (2) Assumed in a contract or agreement that is an "insured contract", provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement. Solely for the purposes of liability assumed in an "insured contract", reasonable attorney fees and necessary litigation expenses incurred by or for a party other than an insured are deemed to be damages because of "bodily injury" or "property damage", provided:
 - (a) Liability to such party for, or for the cost of, that party's defense has also been assumed in the same "insured contract"; and
 - (b) Such attorney fees and litigation expenses are for defense of that party against a civil or alternative dispute resolution proceeding in which damages to which this insurance applies are alleged.

c. Liquor Liability

"Bodily injury" or "property damage" for which any insured may be held liable by reason of:

- (1) Causing or contributing to the intoxication of any person;
- (2) The furnishing of alcoholic beverages to a person under the legal drinking age or under the influence of alcohol; or
- (3) Any statute, ordinance or regulation relating to the sale, gift, distribution or use of alcoholic beverages.

This exclusion applies only if you are in the business of manufacturing, distributing, selling, serving or furnishing alcoholic beverages.

d. Workers' Compensation And Similar Laws

Any obligation of the insured under a workers' compensation, disability benefits or unemployment compensation law or any similar law.

e. Employer's Liability

"Bodily injury" to:

- (1) An "employee" of the insured arising out of and in the course of:
 - (a) Employment by the insured; or
 - (b) Performing duties related to the conduct of the insured's business; or
- (2) The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph (1) above.

This exclusion applies whether the insured may be liable as an employer or in any other capacity and to any obligation to share damages with or repay someone else who must pay damages because of the injury.

This exclusion does not apply to liability assumed by the insured under an "insured contract".

f. Pollution

- (1)** "Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":
 - (a)** At or from any premises, site or location which is or was at any time owned or occupied by, or rented or loaned to, any insured. However, this subparagraph does not apply to:
 - (i)** "Bodily injury" if sustained within a building and caused by smoke, fumes, vapor or soot produced by or originating from equipment that is used to heat, cool or dehumidify the building, or equipment that is used to heat water for personal use, by the building's occupants or their guests;
 - (ii)** "Bodily injury" or "property damage" for which you may be held liable, if you are a contractor and the owner or lessee of such premises, site or location has been added to your policy as an additional insured with respect to your ongoing operations performed for that additional insured at that premises, site or location and such premises, site or location is not and never was owned or occupied by, or rented or loaned to, any insured, other than that additional insured; or
 - (iii)** "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire";
 - (b)** At or from any premises, site or location which is or was at any time used by or for any insured or others for the handling, storage, disposal, processing or treatment of waste;
 - (c)** Which are or were at any time transported, handled, stored, treated, disposed of, or processed as waste by or for:
 - (i)** Any insured; or
 - (ii)** Any person or organization for whom you may be legally responsible; or
 - (d)** At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the "pollutants" are brought on or to the premises, site or location in connection with such operations by such insured, contractor or subcontractor. However, this subparagraph does not apply to:
 - (i)** "Bodily injury" or "property damage" arising out of the escape of fuels, lubricants or other operating fluids which are needed to perform the normal electrical, hydraulic or mechanical functions necessary for the operation of "mobile equipment" or its parts, if such fuels, lubricants or other operating fluids escape from a vehicle part designed to hold, store or receive them. This exception does not apply if the "bodily injury" or "property damage" arises out of the intentional discharge, dispersal or release of the fuels, lubricants or other operating fluids, or if such fuels, lubricants or other operating fluids are brought on or to the premises, site or location with the intent that they be discharged, dispersed or released as part of the operations being performed by such insured, contractor or subcontractor;
 - (ii)** "Bodily injury" or "property damage" sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations being performed by you or on your behalf by a contractor or subcontractor; or
 - (iii)** "Bodily injury" or "property damage" arising out of heat, smoke or fumes from a "hostile fire".
 - (e)** At or from any premises, site or location on which any insured or any contractors or subcontractors working directly or indirectly on any insured's behalf are performing operations if the operations are to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants".

(2) Any loss, cost or expense arising out of any:

- (a) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (b) Claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

However, this paragraph does not apply to liability for damages because of "property damage" that the insured would have in the absence of such request, demand, order or statutory or regulatory requirement, or such claim or "suit" by or on behalf of a governmental authority.

g. Aircraft, Auto Or Watercraft

"Bodily injury" or "property damage" arising out of the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft owned or operated by or rented or loaned to any insured. Use includes operation and "loading or unloading".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in the supervision, hiring, employment, training or monitoring of others by that insured, if the "occurrence" which caused the "bodily injury" or "property damage" involved the ownership, maintenance, use or entrustment to others of any aircraft, "auto" or watercraft that is owned or operated by or rented or loaned to any insured.

This exclusion does not apply to:

- (1) A watercraft while ashore on premises you own or rent;
- (2) A watercraft you do not own that is:
 - (a) Less than 26 feet long; and
 - (b) Not being used to carry persons or property for a charge;
- (3) Parking an "auto" on, or on the ways next to, premises you own or rent, provided the "auto" is not owned by or rented or loaned to you or the insured;
- (4) Liability assumed under any "insured contract" for the ownership, maintenance or use of aircraft or watercraft; or

(5) "Bodily injury" or "property damage" arising out of:

- (a) The operation of machinery or equipment that is attached to, or part of, a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged; or
- (b) the operation of any of the machinery or equipment listed in Paragraph **f.(2)** or **f.(3)** of the definition of "mobile equipment".

h. Mobile Equipment

"Bodily injury" or "property damage" arising out of:

- (1) The transportation of "mobile equipment" by an "auto" owned or operated by or rented or loaned to any insured; or
- (2) The use of "mobile equipment" in, or while in practice for, or while being prepared for, any prearranged racing, speed, demolition, or stunting activity.

i. War

"Bodily injury" or "property damage", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

j. Damage To Property

"Property damage" to:

- (1) Property you own, rent, or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
- (2) Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
- (3) Property loaned to you;
- (4) Personal property in the care, custody or control of the insured;

- (5) That particular part of real property on which you or any contractors or subcontractors working directly or indirectly on your behalf are performing operations, if the "property damage" arises out of those operations; or
- (6) That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraphs (1), (3) and (4) of this exclusion do not apply to "property damage" (other than damage by fire) to premises, including the contents of such premises, rented to you for a period of 7 or fewer consecutive days. A separate limit of insurance applies to Damage To Premises Rented To You as described in Section III – Limits Of Insurance.

Paragraph (2) of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs (3), (4), (5) and (6) of this exclusion do not apply to liability assumed under a sidetrack agreement.

Paragraph (6) of this exclusion does not apply to "property damage" included in the "products-completed operations hazard".

k. Damage To Your Product

"Property damage" to "your product" arising out of it or any part of it.

l. Damage To Your Work

"Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard".

This exclusion does not apply if the damaged work or the work out of which the damage arises was performed on your behalf by a subcontractor.

m. Damage To Impaired Property Or Property Not Physically Injured

"Property damage" to "impaired property" or property that has not been physically injured, arising out of:

- (1) A defect, deficiency, inadequacy or dangerous condition in "your product" or "your work"; or
- (2) A delay or failure by you or anyone acting on your behalf to perform a contract or agreement in accordance with its terms.

This exclusion does not apply to the loss of use of other property arising out of sudden and accidental physical injury to "your product" or "your work" after it has been put to its intended use.

n. Recall Of Products, Work Or Impaired Property

Damages claimed for any loss, cost or expense incurred by you or others for the loss of use, withdrawal, recall, inspection, repair, replacement, adjustment, removal or disposal of:

- (1) "Your product";
- (2) "Your work"; or
- (3) "Impaired property";

if such product, work, or property is withdrawn or recalled from the market or from use by any person or organization because of a known or suspected defect, deficiency, inadequacy or dangerous condition in it.

o. Personal And Advertising Injury

"Bodily injury" arising out of "personal and advertising injury".

p. Electronic Data

Damages arising out of the loss of, loss of use of, damage to, corruption of, inability to access, or inability to manipulate electronic data.

As used in this exclusion, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

q. Distribution Of Material In Violation Of Statutes

"Bodily injury" or "property damage" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law; or
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
- (3) Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

Exclusions **c.** through **n.** do not apply to damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner. A separate limit of insurance applies to this coverage as described in Section **III** – Limits Of Insurance.

COVERAGE B PERSONAL AND ADVERTISING INJURY LIABILITY

1. Insuring Agreement

a. We will pay those sums that the insured becomes legally obligated to pay as damages because of "personal and advertising injury" to which this insurance applies. We will have the right and duty to defend the insured against any "suit" seeking those damages. However, we will have no duty to defend the insured against any "suit" seeking damages for "personal and advertising injury" to which this insurance does not apply. We may, at our discretion, investigate any offense and settle any claim or "suit" that may result. But:

- (1)** The amount we will pay for damages is limited as described in Section **III** – Limits Of Insurance; and
- (2)** Our right and duty to defend end when we have used up the applicable limit of insurance in the payment of judgments or settlements under Coverages **A** or **B** or medical expenses under Coverage **C**.

No other obligation or liability to pay sums or perform acts or services is covered unless explicitly provided for under Supplementary Payments – Coverages **A** and **B**.

b. This insurance applies to "personal and advertising injury" caused by an offense arising out of your business but only if the offense was committed in the "coverage territory" during the policy period.

2. Exclusions

This insurance does not apply to:

a. Knowing Violation Of Rights Of Another

"Personal and advertising injury" caused by or at the direction of the insured with the knowledge that the act would violate the rights of another and would inflict "personal and advertising injury".

b. Material Published With Knowledge Of Falsity

"Personal and advertising injury" arising out of oral or written publication of material, if done by or at the direction of the insured with knowledge of its falsity.

c. Material Published Prior To Policy Period

"Personal and advertising injury" arising out of oral or written publication of material whose first publication took place before the beginning of the policy period.

d. Criminal Acts

"Personal and advertising injury" arising out of a criminal act committed by or at the direction of the insured.

e. Contractual Liability

"Personal and advertising injury" for which the insured has assumed liability in a contract or agreement. This exclusion does not apply to liability for damages that the insured would have in the absence of the contract or agreement.

f. Breach Of Contract

"Personal and advertising injury" arising out of a breach of contract, except an implied contract to use another's advertising idea in your "advertisement".

g. Quality Or Performance Of Goods – Failure To Conform To Statements

"Personal and advertising injury" arising out of the failure of goods, products or services to conform with any statement of quality or performance made in your "advertisement".

h. Wrong Description Of Prices

"Personal and advertising injury" arising out of the wrong description of the price of goods, products or services stated in your "advertisement".

i. Infringement Of Copyright, Patent, Trademark Or Trade Secret

"Personal and advertising injury" arising out of the infringement of copyright, patent, trademark, trade secret or other intellectual property rights. Under this exclusion, such other intellectual property rights do not include the use of another's advertising idea in your "advertisement".

However, this exclusion does not apply to infringement, in your "advertisement", of copyright, trade dress or slogan.

j. Insureds In Media And Internet Type Businesses

"Personal and advertising injury" committed by an insured whose business is:

- (1)** Advertising, broadcasting, publishing or telecasting;
- (2)** Designing or determining content of websites for others; or

- (3) An Internet search, access, content or service provider.

However, this exclusion does not apply to Paragraphs **14.a.**, **b.** and **c.** of "personal and advertising injury" under the Definitions Section.

For the purposes of this exclusion, the placing of frames, borders or links, or advertising, for you or others anywhere on the Internet, is not by itself, considered the business of advertising, broadcasting, publishing or telecasting.

k. Electronic Chatrooms Or Bulletin Boards

"Personal and advertising injury" arising out of an electronic chatroom or bulletin board the insured hosts, owns, or over which the insured exercises control.

l. Unauthorized Use Of Another's Name Or Product

"Personal and advertising injury" arising out of the unauthorized use of another's name or product in your e-mail address, domain name or metatag, or any other similar tactics to mislead another's potential customers.

m. Pollution

"Personal and advertising injury" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants" at any time.

n. Pollution-Related

Any loss, cost or expense arising out of any:

- (1) Request, demand, order or statutory or regulatory requirement that any insured or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
- (2) Claim or suit by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

o. War

"Personal and advertising injury", however caused, arising, directly or indirectly, out of:

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

p. Distribution Of Material In Violation Of Statutes

"Personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1) The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law; or
- (2) The CAN-SPAM Act of 2003, including any amendment of or addition to such law; or
- (3) Any statute, ordinance or regulation, other than the TCPA or CAN-SPAM Act of 2003, that prohibits or limits the sending, transmitting, communicating or distribution of material or information.

COVERAGE C MEDICAL PAYMENTS

1. Insuring Agreement

- a. We will pay medical expenses as described below for "bodily injury" caused by an accident:

- (1) On premises you own or rent;
 - (2) On ways next to premises you own or rent; or
 - (3) Because of your operations;
- provided that:

- (a) The accident takes place in the "coverage territory" and during the policy period;
- (b) The expenses are incurred and reported to us within one year of the date of the accident; and
- (c) The injured person submits to examination, at our expense, by physicians of our choice as often as we reasonably require.

- b. We will make these payments regardless of fault. These payments will not exceed the applicable limit of insurance. We will pay reasonable expenses for:

- (1) First aid administered at the time of an accident;
- (2) Necessary medical, surgical, x-ray and dental services, including prosthetic devices; and
- (3) Necessary ambulance, hospital, professional nursing and funeral services.

2. Exclusions

We will not pay expenses for "bodily injury":

a. Any Insured

To any insured, except "volunteer workers".

b. Hired Person

To a person hired to do work for or on behalf of any insured or a tenant of any insured.

c. Injury On Normally Occupied Premises

To a person injured on that part of premises you own or rent that the person normally occupies.

d. Workers Compensation And Similar Laws

To a person, whether or not an "employee" of any insured, if benefits for the "bodily injury" are payable or must be provided under a workers' compensation or disability benefits law or a similar law.

e. Athletics Activities

To a person injured while practicing, instructing or participating in any physical exercises or games, sports, or athletic contests.

f. Products-Completed Operations Hazard

Included within the "products-completed operations hazard".

g. Coverage A Exclusions

Excluded under Coverage A.

SUPPLEMENTARY PAYMENTS – COVERAGES A AND B

1. We will pay, with respect to any claim we investigate or settle, or any "suit" against an insured we defend:

- a. All expenses we incur.
- b. Up to \$250 for cost of bail bonds required because of accidents or traffic law violations arising out of the use of any vehicle to which the Bodily Injury Liability Coverage applies. We do not have to furnish these bonds.
- c. The cost of bonds to release attachments, but only for bond amounts within the applicable limit of insurance. We do not have to furnish these bonds.
- d. All reasonable expenses incurred by the insured at our request to assist us in the investigation or defense of the claim or "suit", including actual loss of earnings up to \$250 a day because of time off from work.
- e. All court costs taxed against the insured in the "suit". However, these payments do not include attorneys' fees or attorneys' expenses taxed against the insured.

f. Prejudgment interest awarded against the insured on that part of the judgment we pay. If we make an offer to pay the applicable limit of insurance, we will not pay any prejudgment interest based on that period of time after the offer.

g. All interest on the full amount of any judgment that accrues after entry of the judgment and before we have paid, offered to pay, or deposited in court the part of the judgment that is within the applicable limit of insurance.

These payments will not reduce the limits of insurance.

2. If we defend an insured against a "suit" and an indemnitee of the insured is also named as a party to the "suit", we will defend that indemnitee if all of the following conditions are met:

- a. The "suit" against the indemnitee seeks damages for which the insured has assumed the liability of the indemnitee in a contract or agreement that is an "insured contract";
- b. This insurance applies to such liability assumed by the insured;
- c. The obligation to defend, or the cost of the defense of, that indemnitee, has also been assumed by the insured in the same "insured contract";
- d. The allegations in the "suit" and the information we know about the "occurrence" are such that no conflict appears to exist between the interests of the insured and the interests of the indemnitee;
- e. The indemnitee and the insured ask us to conduct and control the defense of that indemnitee against such "suit" and agree that we can assign the same counsel to defend the insured and the indemnitee; and
- f. The indemnitee:

(1) Agrees in writing to:

- (a) Cooperate with us in the investigation, settlement or defense of the "suit";
- (b) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the "suit";
- (c) Notify any other insurer whose coverage is available to the indemnitee; and
- (d) Cooperate with us with respect to coordinating other applicable insurance available to the indemnitee; and

(2) Provides us with written authorization to:

- (a) Obtain records and other information related to the "suit"; and

- (b) Conduct and control the defense of the indemnitee in such "suit".

So long as the above conditions are met, attorneys' fees incurred by us in the defense of that indemnitee, necessary litigation expenses incurred by us and necessary litigation expenses incurred by the indemnitee at our request will be paid as Supplementary Payments. Notwithstanding the provisions of Paragraph **2.b.(2)** of Section **I – Coverage A – Bodily Injury And Property Damage Liability**, such payments will not be deemed to be damages for "bodily injury" and "property damage" and will not reduce the limits of insurance.

Our obligation to defend an insured's indemnitee and to pay for attorneys' fees and necessary litigation expenses as Supplementary Payments ends when we have used up the applicable limit of insurance in the payment of judgments or settlements or the conditions set forth above, or the terms of the agreement described in Paragraph **f.** above, are no longer met.

SECTION II – WHO IS AN INSURED

1. If you are designated in the Declarations as:
 - a. An individual, you and your spouse are insureds, but only with respect to the conduct of a business of which you are the sole owner.
 - b. A partnership or joint venture, you are an insured. Your members, your partners, and their spouses are also insureds, but only with respect to the conduct of your business.
 - c. A limited liability company, you are an insured. Your members are also insureds, but only with respect to the conduct of your business. Your managers are insureds, but only with respect to their duties as your managers.
 - d. An organization other than a partnership, joint venture or limited liability company, you are an insured. Your "executive officers" and directors are insureds, but only with respect to their duties as your officers or directors. Your stockholders are also insureds, but only with respect to their liability as stockholders.
 - e. A trust, you are an insured. Your trustees are also insureds, but only with respect to their duties as trustees.
2. Each of the following is also an insured:
 - a. Your "volunteer workers" only while performing duties related to the conduct of your business, or your "employees", other than either your "executive officers" (if you are an organization other than a partnership, joint venture or limited liability company) or your managers (if you are a limited liability company), but only for acts within the scope of their employment by you or while performing duties related to the conduct of your business. However, none of these "employees" or "volunteer workers" are insureds for:
 - (1) "Bodily injury" or "personal and advertising injury":
 - (a) To you, to your partners or members (if you are a partnership or joint venture), to your members (if you are a limited liability company), to a co-"employee" while in the course of his or her employment or performing duties related to the conduct of your business, or to your other "volunteer workers" while performing duties related to the conduct of your business;
 - (b) To the spouse, child, parent, brother or sister of that co-"employee" or "volunteer worker" as a consequence of Paragraph **(1)(a)** above;
 - (c) For which there is any obligation to share damages with or repay someone else who must pay damages because of the injury described in Paragraphs **(1)(a)** or **(b)** above; or
 - (d) Arising out of his or her providing or failing to provide professional health care services.
 - (2) "Property damage" to property:
 - (a) Owned, occupied or used by,
 - (b) Rented to, in the care, custody or control of, or over which physical control is being exercised for any purpose by you, any of your "employees", "volunteer workers", any partner or member (if you are a partnership or joint venture), or any member (if you are a limited liability company).

- b. Any person (other than your "employee" or "volunteer worker"), or any organization while acting as your real estate manager.
 - c. Any person or organization having proper temporary custody of your property if you die, but only:
 - (1) With respect to liability arising out of the maintenance or use of that property; and
 - (2) Until your legal representative has been appointed.
 - d. Your legal representative if you die, but only with respect to duties as such. That representative will have all your rights and duties under this Coverage Part.
3. Any organization you newly acquire or form, other than a partnership, joint venture or limited liability company, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization. However:
- a. Coverage under this provision is afforded only until the 90th day after you acquire or form the organization or the end of the policy period, whichever is earlier;
 - b. Coverage **A** does not apply to "bodily injury" or "property damage" that occurred before you acquired or formed the organization; and
 - c. Coverage **B** does not apply to "personal and advertising injury" arising out of an offense committed before you acquired or formed the organization.

No person or organization is an insured with respect to the conduct of any current or past partnership, joint venture or limited liability company that is not shown as a Named Insured in the Declarations.

SECTION III – LIMITS OF INSURANCE

- 1. The Limits of Insurance shown in the Declarations and the rules below fix the most we will pay regardless of the number of:
 - a. Insureds;
 - b. Claims made or "suits" brought; or
 - c. Persons or organizations making claims or bringing "suits".
- 2. The General Aggregate Limit is the most we will pay for the sum of:
 - a. Medical expenses under Coverage **C**;
 - b. Damages under Coverage **A**, except damages because of "bodily injury" or "property damage" included in the "products-completed operations hazard"; and
 - c. Damages under Coverage **B**.

- 3. The Products-Completed Operations Aggregate Limit is the most we will pay under Coverage **A** for damages because of "bodily injury" and "property damage" included in the "products-completed operations hazard".
- 4. Subject to Paragraph **2.** above, the Personal and Advertising Injury Limit is the most we will pay under Coverage **B** for the sum of all damages because of all "personal and advertising injury" sustained by any one person or organization.
- 5. Subject to Paragraph **2.** or **3.** above, whichever applies, the Each Occurrence Limit is the most we will pay for the sum of:
 - a. Damages under Coverage **A**; and
 - b. Medical expenses under Coverage **C**
 because of all "bodily injury" and "property damage" arising out of any one "occurrence".
- 6. Subject to Paragraph **5.** above, the Damage To Premises Rented To You Limit is the most we will pay under Coverage **A** for damages because of "property damage" to any one premises, while rented to you, or in the case of damage by fire, while rented to you or temporarily occupied by you with permission of the owner.
- 7. Subject to Paragraph **5.** above, the Medical Expense Limit is the most we will pay under Coverage **C** for all medical expenses because of "bodily injury" sustained by any one person.

The Limits of Insurance of this Coverage Part apply separately to each consecutive annual period and to any remaining period of less than 12 months, starting with the beginning of the policy period shown in the Declarations, unless the policy period is extended after issuance for an additional period of less than 12 months. In that case, the additional period will be deemed part of the last preceding period for purposes of determining the Limits of Insurance.

SECTION IV – COMMERCIAL GENERAL LIABILITY CONDITIONS

- 1. **Bankruptcy**
 Bankruptcy or insolvency of the insured or of the insured's estate will not relieve us of our obligations under this Coverage Part.
- 2. **Duties In The Event Of Occurrence, Offense, Claim Or Suit**
 - a. You must see to it that we are notified as soon as practicable of an "occurrence" or an offense which may result in a claim. To the extent possible, notice should include:
 - (1) How, when and where the "occurrence" or offense took place;
 - (2) The names and addresses of any injured persons and witnesses; and

(3) The nature and location of any injury or damage arising out of the "occurrence" or offense.

b. If a claim is made or "suit" is brought against any insured, you must:

(1) Immediately record the specifics of the claim or "suit" and the date received; and

(2) Notify us as soon as practicable.

You must see to it that we receive written notice of the claim or "suit" as soon as practicable.

c. You and any other involved insured must:

(1) Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or "suit";

(2) Authorize us to obtain records and other information;

(3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit"; and

(4) Assist us, upon our request, in the enforcement of any right against any person or organization which may be liable to the insured because of injury or damage to which this insurance may also apply.

d. No insured will, except at that insured's own cost, voluntarily make a payment, assume any obligation, or incur any expense, other than for first aid, without our consent.

3. Legal Action Against Us

No person or organization has a right under this Coverage Part:

a. To join us as a party or otherwise bring us into a "suit" asking for damages from an insured; or

b. To sue us on this Coverage Part unless all of its terms have been fully complied with.

A person or organization may sue us to recover on an agreed settlement or on a final judgment against an insured; but we will not be liable for damages that are not payable under the terms of this Coverage Part or that are in excess of the applicable limit of insurance. An agreed settlement means a settlement and release of liability signed by us, the insured and the claimant or the claimant's legal representative.

4. Other Insurance

If other valid and collectible insurance is available to the insured for a loss we cover under Coverages **A** or **B** of this Coverage Part, our obligations are limited as follows:

a. Primary Insurance

This insurance is primary except when Paragraph **b.** below applies. If this insurance is primary, our obligations are not affected unless any of the other insurance is also primary. Then, we will share with all that other insurance by the method described in Paragraph **c.** below.

b. Excess Insurance

(1) This insurance is excess over:

(a) Any of the other insurance, whether primary, excess, contingent or on any other basis:

(i) That is Fire, Extended Coverage, Builder's Risk, Installation Risk or similar coverage for "your work";

(ii) That is Fire insurance for premises rented to you or temporarily occupied by you with permission of the owner;

(iii) That is insurance purchased by you to cover your liability as a tenant for "property damage" to premises rented to you or temporarily occupied by you with permission of the owner; or

(iv) If the loss arises out of the maintenance or use of aircraft, "autos" or watercraft to the extent not subject to Exclusion **g.** of Section **I** – Coverage **A** – Bodily Injury And Property Damage Liability.

(b) Any other primary insurance available to you covering liability for damages arising out of the premises or operations, or the products and completed operations, for which you have been added as an additional insured by attachment of an endorsement.

(2) When this insurance is excess, we will have no duty under Coverages **A** or **B** to defend the insured against any "suit" if any other insurer has a duty to defend the insured against that "suit". If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

(3) When this insurance is excess over other insurance, we will pay only our share of the amount of the loss, if any, that exceeds the sum of:

(a) The total amount that all such other insurance would pay for the loss in the absence of this insurance; and

(b) The total of all deductible and self-insured amounts under all that other insurance.

(4) We will share the remaining loss, if any, with any other insurance that is not described in this Excess Insurance provision and was not bought specifically to apply in excess of the Limits of Insurance shown in the Declarations of this Coverage Part.

c. Method Of Sharing

If all of the other insurance permits contribution by equal shares, we will follow this method also. Under this approach each insurer contributes equal amounts until it has paid its applicable limit of insurance or none of the loss remains, whichever comes first.

If any of the other insurance does not permit contribution by equal shares, we will contribute by limits. Under this method, each insurer's share is based on the ratio of its applicable limit of insurance to the total applicable limits of insurance of all insurers.

5. Premium Audit

a. We will compute all premiums for this Coverage Part in accordance with our rules and rates.

b. Premium shown in this Coverage Part as advance premium is a deposit premium only. At the close of each audit period we will compute the earned premium for that period and send notice to the first Named Insured. The due date for audit and retrospective premiums is the date shown as the due date on the bill. If the sum of the advance and audit premiums paid for the policy period is greater than the earned premium, we will return the excess to the first Named Insured.

c. The first Named Insured must keep records of the information we need for premium computation, and send us copies at such times as we may request.

6. Representations

By accepting this policy, you agree:

a. The statements in the Declarations are accurate and complete;

b. Those statements are based upon representations you made to us; and

c. We have issued this policy in reliance upon your representations.

7. Separation Of Insureds

Except with respect to the Limits of Insurance, and any rights or duties specifically assigned in this Coverage Part to the first Named Insured, this insurance applies:

a. As if each Named Insured were the only Named Insured; and

b. Separately to each insured against whom claim is made or "suit" is brought.

8. Transfer Of Rights Of Recovery Against Others To Us

If the insured has rights to recover all or part of any payment we have made under this Coverage Part, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them.

9. When We Do Not Renew

If we decide not to renew this Coverage Part, we will mail or deliver to the first Named Insured shown in the Declarations written notice of the nonrenewal not less than 30 days before the expiration date.

If notice is mailed, proof of mailing will be sufficient proof of notice.

SECTION V – DEFINITIONS

1. "Advertisement" means a notice that is broadcast or published to the general public or specific market segments about your goods, products or services for the purpose of attracting customers or supporters. For the purposes of this definition:

a. Notices that are published include material placed on the Internet or on similar electronic means of communication; and

b. Regarding web-sites, only that part of a web-site that is about your goods, products or services for the purposes of attracting customers or supporters is considered an advertisement.

2. "Auto" means:

a. A land motor vehicle, trailer or semitrailer designed for travel on public roads, including any attached machinery or equipment; or

b. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged.

However, "auto" does not include "mobile equipment".

3. "Bodily injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
4. "Coverage territory" means:
 - a. The United States of America (including its territories and possessions), Puerto Rico and Canada;
 - b. International waters or airspace, but only if the injury or damage occurs in the course of travel or transportation between any places included in Paragraph **a.** above; or
 - c. All other parts of the world if the injury or damage arises out of:
 - (1) Goods or products made or sold by you in the territory described in Paragraph **a.** above;
 - (2) The activities of a person whose home is in the territory described in Paragraph **a.** above, but is away for a short time on your business; or
 - (3) "Personal and advertising injury" offenses that take place through the Internet or similar electronic means of communication

provided the insured's responsibility to pay damages is determined in a "suit" on the merits, in the territory described in Paragraph **a.** above or in a settlement we agree to.

5. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
6. "Executive officer" means a person holding any of the officer positions created by your charter, constitution, by-laws or any other similar governing document.
7. "Hostile fire" means one which becomes uncontrollable or breaks out from where it was intended to be.
8. "Impaired property" means tangible property, other than "your product" or "your work", that cannot be used or is less useful because:
 - a. It incorporates "your product" or "your work" that is known or thought to be defective, deficient, inadequate or dangerous; or
 - b. You have failed to fulfill the terms of a contract or agreement;

if such property can be restored to use by the repair, replacement, adjustment or removal of "your product" or "your work" or your fulfilling the terms of the contract or agreement.

9. "Insured contract" means:
 - a. A contract for a lease of premises. However, that portion of the contract for a lease of premises that indemnifies any person or organization for damage by fire to premises while rented to you or temporarily occupied by you with permission of the owner is not an "insured contract";
 - b. A sidetrack agreement;
 - c. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
 - d. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
 - e. An elevator maintenance agreement;
 - f. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another party to pay for "bodily injury" or "property damage" to a third person or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement.

Paragraph **f.** does not include that part of any contract or agreement:

- (1) That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing;
- (2) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (a) Preparing, approving, or failing to prepare or approve, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications; or
 - (b) Giving directions or instructions, or failing to give them, if that is the primary cause of the injury or damage; or
- (3) Under which the insured, if an architect, engineer or surveyor, assumes liability for an injury or damage arising out of the insured's rendering or failure to render professional services, including those listed in (2) above and supervisory, inspection, architectural or engineering activities.

10. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm, to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

11. "Loading or unloading" means the handling of property:

- a.** After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
- b.** While it is in or on an aircraft, watercraft or "auto"; or
- c.** While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

12. "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

- a.** Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b.** Vehicles maintained for use solely on or next to premises you own or rent;
- c.** Vehicles that travel on crawler treads;
- d.** Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - (1)** Power cranes, shovels, loaders, diggers or drills; or
 - (2)** Road construction or resurfacing equipment such as graders, scrapers or rollers;
- e.** Vehicles not described in Paragraph **a.**, **b.**, **c.** or **d.** above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (1)** Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - (2)** Cherry pickers and similar devices used to raise or lower workers;
- f.** Vehicles not described in Paragraph **a.**, **b.**, **c.** or **d.** above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

(1) Equipment designed primarily for:

- (a)** Snow removal;
- (b)** Road maintenance, but not construction or resurfacing; or
- (c)** Street cleaning;

(2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

(3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

However, "mobile equipment" does not include any land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law in the state where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered "autos".

13. "Occurrence" means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

14. "Personal and advertising injury" means injury, including consequential "bodily injury", arising out of one or more of the following offenses:

- a.** False arrest, detention or imprisonment;
- b.** Malicious prosecution;
- c.** The wrongful eviction from, wrongful entry into, or invasion of the right of private occupancy of a room, dwelling or premises that a person occupies, committed by or on behalf of its owner, landlord or lessor;
- d.** Oral or written publication, in any manner, of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services;
- e.** Oral or written publication, in any manner, of material that violates a person's right of privacy;
- f.** The use of another's advertising idea in your "advertisement"; or
- g.** Infringing upon another's copyright, trade dress or slogan in your "advertisement".

15. "Pollutants" mean any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, re-conditioned or reclaimed.

16. "Products-completed operations hazard":

a. Includes all "bodily injury" and "property damage" occurring away from premises you own or rent and arising out of "your product" or "your work" except:

- (1)** Products that are still in your physical possession; or
- (2)** Work that has not yet been completed or abandoned. However, "your work" will be deemed completed at the earliest of the following times:
 - (a)** When all of the work called for in your contract has been completed.
 - (b)** When all of the work to be done at the job site has been completed if your contract calls for work at more than one job site.
 - (c)** When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

b. Does not include "bodily injury" or "property damage" arising out of:

- (1)** The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle not owned or operated by you, and that condition was created by the "loading or unloading" of that vehicle by any insured;
- (2)** The existence of tools, uninstalled equipment or abandoned or unused materials; or
- (3)** Products or operations for which the classification, listed in the Declarations or in a policy schedule, states that products-completed operations are subject to the General Aggregate Limit.

17. "Property damage" means:

a. Physical injury to tangible property, including all resulting loss of use of that property. All such loss of use shall be deemed to occur at the time of the physical injury that caused it; or

b. Loss of use of tangible property that is not physically injured. All such loss of use shall be deemed to occur at the time of the "occurrence" that caused it.

For the purposes of this insurance, electronic data is not tangible property.

As used in this definition, electronic data means information, facts or programs stored as or on, created or used on, or transmitted to or from computer software, including systems and applications software, hard or floppy disks, CD-ROMS, tapes, drives, cells, data processing devices or any other media which are used with electronically controlled equipment.

18. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage" or "personal and advertising injury" to which this insurance applies are alleged. "Suit" includes:

- a.** An arbitration proceeding in which such damages are claimed and to which the insured must submit or does submit with our consent; or
- b.** Any other alternative dispute resolution proceeding in which such damages are claimed and to which the insured submits with our consent.

19. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

20. "Volunteer worker" means a person who is not your "employee", and who donates his or her work and acts at the direction of and within the scope of duties determined by you, and is not paid a fee, salary or other compensation by you or anyone else for their work performed for you.

21. "Your product":

a. Means:

- (1)** Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (a)** You;
 - (b)** Others trading under your name; or
 - (c)** A person or organization whose business or assets you have acquired; and
- (2)** Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

b. Includes:

- (1)** Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your product"; and

(2) The providing of or failure to provide warnings or instructions.

c. Does not include vending machines or other property rented to or located for the use of others but not sold.

22. "Your work":

a. Means:

(1) Work or operations performed by you or on your behalf; and

(2) Materials, parts or equipment furnished in connection with such work or operations.

b. Includes:

(1) Warranties or representations made at any time with respect to the fitness, quality, durability, performance or use of "your work", and

(2) The providing of or failure to provide warnings or instructions.

RECORDING AND DISTRIBUTION OF MATERIAL OR INFORMATION IN VIOLATION OF LAW EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. Exclusion **q.** of Paragraph **2. Exclusions** of Section **I – Coverage A – Bodily Injury And Property Damage Liability** is replaced by the following:

2. Exclusions

This insurance does not apply to:

q. Recording And Distribution Of Material Or Information In Violation Of Law

"Bodily injury" or "property damage" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1)** The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2)** The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3)** The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or
- (4)** Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

B. Exclusion **p.** of Paragraph **2. Exclusions** of Section **I – Coverage B – Personal And Advertising Injury Liability** is replaced by the following:

2. Exclusions

This insurance does not apply to:

p. Recording And Distribution Of Material Or Information In Violation Of Law

"Personal and advertising injury" arising directly or indirectly out of any action or omission that violates or is alleged to violate:

- (1)** The Telephone Consumer Protection Act (TCPA), including any amendment of or addition to such law;
- (2)** The CAN-SPAM Act of 2003, including any amendment of or addition to such law;
- (3)** The Fair Credit Reporting Act (FCRA), and any amendment of or addition to such law, including the Fair and Accurate Credit Transaction Act (FACTA); or
- (4)** Any federal, state or local statute, ordinance or regulation, other than the TCPA, CAN-SPAM Act of 2003 or FCRA and their amendments and additions, that addresses, prohibits, or limits the printing, dissemination, disposal, collecting, recording, sending, transmitting, communicating or distribution of material or information.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

ABSOLUTE ASBESTOS EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

**A. The following exclusion is added to Paragraph 2. Exclusions of SECTION I –
COVERAGE A – BODILY INJURY AND PROPERTY DAMAGE LIABILITY:**

2. Exclusions

This insurance does not apply to:

Asbestos

- (1) "Bodily injury", or "property damage" in any way or to any extent arising out of or involving asbestos, asbestos fibers or any product containing asbestos or asbestos fibers.
- (2) "Economic loss", "diminution of property", "abatement costs" or any other loss, cost or expense, including "equitable relief", in any way or to any extent arising out of or involving asbestos, asbestos fibers or any product containing asbestos or asbestos fibers.
- (3) Any fees, costs or expenses of any nature whatsoever in the investigation or defense of any claim or "suit" arising out of or involving asbestos, asbestos fibers or any product containing asbestos or asbestos fibers.

**B. The following exclusion is added to Paragraph 2. Exclusions of SECTION I –
COVERAGE B – PERSONAL AND ADVERTISING INJURY:**

2. Exclusions

This insurance does not apply to:

Asbestos

- (1) "Personal and advertising injury" in any way or to any extent arising out of or involving asbestos, asbestos fibers or any product containing asbestos or asbestos fibers.
- (2) "Economic loss", "diminution of property", "abatement costs" or any other loss, cost or expense, including "equitable relief", in any way or to any extent arising out of or involving asbestos, asbestos fibers or any product containing asbestos or asbestos fibers
- (3) Any fees, costs or expenses of any nature whatsoever in the investigation or defense of any claim or "suit" arising out of or involving asbestos, asbestos fibers or any product containing asbestos or asbestos fibers.

- C. For purpose of this exclusion, the following definitions are added to **Section V.**
DEFINITIONS:

"Abatement costs" means any actual or potential damages, costs, fees or expenses, including the costs of inspection, removal or replacement.

"Diminution of property" means the diminishing or lessening in value of property.

"Economic loss" means any actual or potential damages, costs, fees, expenses or lost profits arising out of or involving the manufacture or utilization of a good or product.

"Equitable relief" means any remedy or relief, including restitution or injunctive relief, sought in a court with equitable powers.

Policy Number

5068721475

Crum Forster

**COMMERCIAL GENERAL LIABILITY COVERAGE PART
SUPPLEMENTAL DECLARATIONS**

Named Insured ADAIR GRAIN, INC.

Effective Date: 01-01-13

12:01 A.M., Standard Time

Agent Name HERTEL INSURORS GROUP, L.L.P

Agent No. 84577

Item 1. Business Description:

Item 2. Limits of Insurance

General Aggregate Limit (Other Than Products - Completed Operations)	\$	2,000,000	
Products - Completed Operations Aggregate Limit	\$	2,000,000	
Personal and Advertising Injury Limit	\$	1,000,000	
Each Occurrence Limit	\$	1,000,000	
Damage to Premises Rented to You Limit	\$	100,000	Any One Fire
Medical Expense Limit	\$	5,000	Any One Person

Item 3. Retroactive Date

Coverages A and B of this Insurance do not apply to "bodily injury", "property damage", "personal injury" or "advertising injury" which occurs before the Retroactive Date, if any, shown here: _____

(Enter Date or "None" if no Retroactive Date applies)

Item 4. Form of Business and Location of Premises

Form of Business:

CORPORATION

Location of All Premises You Own, Rent or Occupy:

See Schedule of Locations

Item 5. Location of Premises

Code No.	Premium Basis	Premises/Operations	
10036	GROSS SALES/NEAREST THOUSAND		
Location 001/001	Exposure \$600,000	Rate	Premium
Classification: ANHYDROUS AMMONIA DEALERS AND DISTRIBUTORS		1.013	\$608.00
		Products/Completed Operations	
		Rate	Premium
		1.585	\$951.00
Code No.	Premium Basis	Premises/Operations	
12583	GROSS SALES/NEAREST THOUSAND		
Location 001/001	Exposure \$1,000,000	Rate	Premium
Classification: FEED, GRAIN OR HAY DEALERS		.474	\$474.00
		Products/Completed Operations	
		Rate	Premium
		1.137	\$1,137.00

Item 6. Forms and Endorsements

Form(s) and Endorsement(s) made a part of this policy at time of issue:

See Schedule of Forms and Endorsements

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

Policy Number
5068721475

Crum Forster

**COMMERCIAL GENERAL LIABILITY COVERAGE SCHEDULE
UNITED STATES FIRE INSURANCE COMPANY**

Named Insured ADAIR GRAIN, INC.
Agent Name HERTEL INSURORS GROUP, L.L.P

Effective Date: 01-01-13
12:01 A.M., Standard Time
Agent No. 84577

Item 5. Location of Premises

Location of All Premises You Own, Rent or Occupy:

See Schedule of Locations

Code No. 12683	Premium Basis GROSS SALES/NEAREST THOUSAND	Premises/Operations	
Location 001/001	Exposure \$4,000,000	Rate .598	Premium \$2,392.00
Classification: FERTILIZER DEALERS AND DISTRIBUTORS		Products/Completed Operations	
		Rate 1.924	Premium \$7,696.00
Code No. 91606	Premium Basis PAYROLL/NEAREST THOUSAND	Premises/Operations	
Location 001/001	Exposure \$25,000	Rate 25.573	Premium \$639.00
Classification: CROP SPRAYING - BY CONTRACTORS (PRODUCTS-COMPLETED OPERATIONS ARE SUBJECT TO THE GENERAL AGGREGATE LIMIT)		Products/Completed Operations	
		Rate	Premium INCL
Code No. 95455	Premium Basis PAYROLL/NEAREST THOUSAND	Premises/Operations	
Location 001/001	Exposure \$161,000	Rate 11.229	Premium \$1,808.00
Classification: GRAIN ELEVATOR OPERATIONS		Products/Completed Operations	
		Rate .316	Premium \$51.00
Code No.	Premium Basis	Premises/Operations	
Location	Exposure	Rate	Premium
Classification:		Products/Completed Operations	
		Rate	Premium

Policy Number
5068721475

Crum Forster

ENDORSEMENT

UNITED STATES FIRE INSURANCE COMPANY

Named Insured ADAIR GRAIN, INC.
Agent Name HERTEL INSURORS GROUP, L.L.P

Effective Date: 01-01-2013
12:01 A.M. Standard Time
Agent No. 84577

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Coverage Parts Affected

COMMERCIAL GENERAL LIABILITY

CUSTOMER'S PROPERTY IN YOUR CARE, CUSTODY AND CONTROL
(AGRI PROGRAM)

THIS ENDORSEMENT AMENDS EXCLUSION 2.J. - DAMAGE TO PROPERTY, OF
SECTION I - COVERAGE A. - BODILY INJURY AND PROPERTY DAMAGE LIABILITY:

- (7) THIS INSURANCE APPLIES TO PROPERTY DAMAGE LIABILITY FOR PROPERTY:
(A) WHICH IS IN YOUR CARE, CUSTODY OR CONTROL; OR
(B) WHICH YOU EXERCISE PHYSICAL CONTROL OVER, FOR ANY
PURPOSE.

THIS INSURANCE APPLIES ONLY IF SUCH PROPERTY DAMAGE RESULTS FROM
THE FOLLOWING USES:

- (A) THE OWNERSHIP, MAINTENANCE OR USE OF ANY HYDRAULIC OR
MECHANICAL HOISTS DESIGNED FOR:
(I) RAISING AN ENTIRE AUTOMOBILE FOR THE PURPOSE OF
SERVICING; OR
(II) RAISING OR LOWERING AN AUTOMOBILE FOR THE PURPOSE
OF DUMPING MATERIAL THEREFROM ONLY WHILE SUCH HOIST
IS BEING USED FOR THESE PURPOSES.
(B) THE MOVING OF A VEHICLE BY YOU IN PREPARATION OF
LOADING/UNLOADING OR IMMEDIATELY AFTER THE LOADING/
UNLOADING IS PERFORMED WHILE ON THE INSURED'S PREMISES.

All other terms and conditions of this Policy remain unchanged.

(The information below is required to be completed only when this endorsement is issued subsequent to the policy effective date.)

Effective _____, this endorsement forms part of Policy Number

of

Issued to:

Endorsement No:

Accepted _____

FIRST NAME INSURED

AUTHORIZED REPRESENTATIVE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A.** With regard to liability for Bodily Injury, Property Damage and Personal And Advertising Injury, unless we are prejudiced by the insured's or your failure to comply with the requirement, no provision of this Coverage Part requiring you or any insured to give notice of "occurrence", claim or "suit", or forward demands, notices, summonses or legal papers in connection with a claim or "suit" will bar coverage under this Coverage Part.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**TEXAS CHANGES - PESTICIDE OR HERBICIDE
APPLICATOR COVERAGE**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Description Of Operations:

APPLICATION OF PESTICIDE, HERBICIDE AND FERTILIZER

Limit Of Liability for "property damage" - \$5,000 per "occurrence" unless otherwise indicated below:

\$ \$1000000 per "occurrence".

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

With respect to the operations described in the Schedule:

- A. Paragraph (1)(d) of Exclusion f. of Section I - **Coverage A - Bodily Injury And Property Damage Liability** does not apply if the insured is properly licensed to conduct the operations.
- B. Paragraphs (4) and (5) of Exclusion j. of Section I - **Coverage A - Bodily Injury And Property Damage Liability** do not apply to "property damage" occurring as a result of such operations performed at premises under your care, custody or control.

- C. The following is added to Paragraph 5. of **Section III - Limits Of Insurance:**

Subject to the Each Occurrence Limit, the most we will pay for "property damage" to property covered in Paragraph B. of this endorsement is \$5,000 per "occurrence" unless otherwise indicated in the Schedule.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

DEDUCTIBLE LIABILITY INSURANCE

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

SCHEDULE

Coverage	Amount and Basis of Deductible PER CLAIM or PER OCCURRENCE	
Bodily Injury Liability OR	\$	\$
Property Damage Liability OR	\$ 1,000	\$
Bodily Injury Liability and/or Property Damage Liability Combined	\$	\$

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

APPLICATION OF ENDORSEMENT (Enter below any limitations on the application of this endorsement. If no limitation is entered, the deductibles apply to damages for all "bodily injury" and "property damage", however caused):

APPLIES TO CLASSES 12683, 10036 & 91606

- A.** Our obligation under the Bodily Injury Liability and Property Damage Liability Coverages to pay damages on your behalf applies only to the amount of damages in excess of any deductible amounts stated in the Schedule above as applicable to such coverages.
- B.** You may select a deductible amount on either a per claim or a per "occurrence" basis. Your selected deductible applies to the coverage option and to the basis of the deductible indicated by the placement of the deductible amount in the Schedule above. The deductible amount stated in the Schedule above applies as follows:
 - 1. PER CLAIM BASIS.** If the deductible amount indicated in the Schedule above is on a per claim basis, that deductible applies as follows:
 - a.** Under Bodily Injury Liability Coverage, to all damages sustained by any one person because of "bodily injury";
 - b.** Under Property Damage Liability Coverage, to all damages sustained by any one person because of "property damage"; or
 - c.** Under Bodily Injury Liability and/or Property Damage Liability Coverage Combined, to all damages sustained by any one person because of:
 - (1)** "Bodily injury";
 - (2)** "Property damage"; or
 - (3)** "Bodily injury" and "property damage" combined
 as the result of any one "occurrence". If damages are claimed for care, loss of services or death resulting at any time from "bodily injury", a separate deductible amount will be applied to each person making a claim for such damages. With respect to "property damage", person includes an organization.

2. **PER OCCURRENCE BASIS.** If the deductible amount indicated in the Schedule above is on a "per occurrence" basis, that deductible amount applies as follows:

- a. Under Bodily Injury Liability Coverage, to all damages because of "bodily injury";
- b. Under Property Damage Liability Coverage, to all damages because of "property damage"; or
- c. Under Bodily Injury Liability and/or Property Damage Liability Coverage Combined, to all damages because of:
 - (1) "Bodily injury";
 - (2) "Property damage"; or
 - (3) "Bodily injury" and "property damage" combined

as the result of any one "occurrence", regardless of the number of persons or organizations who sustain damages because of that "occurrence".

- C. The terms of this insurance, including those with respect to:
 - 1. Our right and duty to defend the insured against any "suits" seeking those damages; and
 - 2. Your duties in the event of an "occurrence", claim, or "suit"apply irrespective of the application of the deductible amount.
- D. We may pay any part or all of the deductible amount to effect settlement of any claim or "suit" and, upon notification of the action taken, you shall promptly reimburse us for such part of the deductible amount as has been paid by us.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED – DESIGNATED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s)
VMS, INC. & TX DOT
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

- A.** In the performance of your ongoing operations; or
- B.** In connection with your premises owned by or rented to you.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

ADDITIONAL INSURED -- LESSOR OF LEASED EQUIPMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s)
ADAIR FARMS
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Section II – Who Is An Insured is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your maintenance, operation or use of equipment leased to you by such person(s) or organization(s).

B. With respect to the insurance afforded to these additional insureds, this insurance does not apply to any "occurrence" which takes place after the equipment lease expires.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

FUNGI OR BACTERIA EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

- A.** The following exclusion is added to Paragraph 2. **Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:**
- 2. Exclusions**
- This insurance does not apply to:
- Fungi Or Bacteria**
- a.** "Bodily injury" or "property damage" which would not have occurred, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of, any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury or damage.
- b.** Any loss, cost or expenses arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.
- This exclusion does not apply to any "fungi" or bacteria that are, are on, or are contained in, a good or product intended for bodily consumption.
- B.** The following exclusion is added to Paragraph 2. **Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:**
- 2. Exclusions**
- This insurance does not apply to:
- Fungi Or Bacteria**
- a.** "Personal and advertising injury" which would not have taken place, in whole or in part, but for the actual, alleged or threatened inhalation of, ingestion of, contact with, exposure to, existence of, or presence of any "fungi" or bacteria on or within a building or structure, including its contents, regardless of whether any other cause, event, material or product contributed concurrently or in any sequence to such injury.
- b.** Any loss, cost or expense arising out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to, or assessing the effects of, "fungi" or bacteria, by any insured or by any other person or entity.
- C.** The following definition is added to the **Definitions** Section:
- "Fungi" means any type or form of fungus, including mold or mildew and any mycotoxins, spores, scents or byproducts produced or released by fungi.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTIFIED ACTS OF TERRORISM

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

A. The following exclusion is added:

This insurance does not apply to:

TERRORISM

"Any injury or damage" arising, directly or indirectly, out of a "certified act of terrorism".

B. The following definitions are added:

1. For the purposes of this endorsement, "any injury or damage" means any injury or damage covered under any Coverage Part to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage", "personal and advertising injury", "injury" or "environmental damage" as may be defined in any applicable Coverage Part.

2. "Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

- a.** The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
- b.** The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTIFIED ACTS OF TERRORISM AND EXCLUSION OF OTHER ACTS OF TERRORISM COMMITTED OUTSIDE THE UNITED STATES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART
UNDERGROUND STORAGE TANK POLICY

A. The following exclusion is added:

This insurance does not apply to:

TERRORISM

"Any injury or damage" arising, directly or indirectly, out of a "certified act of terrorism", or out of an "other act of terrorism" that is committed outside of the United States (including its territories and possessions and Puerto Rico), but within the "coverage territory". However, with respect to an "other act of terrorism", this exclusion applies only when one or more of the following are attributed to such act:

1. The total of insured damage to all types of property exceeds \$25,000,000 (valued in US dollars). In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the terrorism and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or
2. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
 - a. Physical injury that involves a substantial risk of death; or

b. Protracted and obvious physical disfigurement; or

c. Protracted loss of or impairment of the function of a bodily member or organ; or

3. The terrorism involves the use, release or escape of nuclear materials, or directly or indirectly results in nuclear reaction or radiation or radioactive contamination; or
4. The terrorism is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
5. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the terrorism was to release such materials.

With respect to this exclusion, Paragraphs **1.** and **2.** describe the thresholds used to measure the magnitude of an incident of an "other act of terrorism" and the circumstances in which the threshold will apply for the purpose of determining whether this exclusion will apply to that incident.

B. The following definitions are added:

1. For the purposes of this endorsement, "any injury or damage" means any injury or damage covered under any Coverage Part to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage", "personal and advertising injury", "injury" or "environmental damage" as may be defined in any applicable Coverage Part.

2. "Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in concurrence with the Secretary of State and the Attorney General of the United States, to be an act of terrorism pursuant to the federal Terrorism Risk Insurance Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:
 - a. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act;
 - b. The act resulted in damage:
 - (1) Within the United States (including its territories and possessions and Puerto Rico); or
 - (2) Outside of the United States in the case of:
 - (a) An air carrier (as defined in Section 40102 of title 49, United States Code) or United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), regardless of where the loss occurs; or
 - (b) The premises of any United States mission; and
 - c. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.
3. "Other act of terrorism" means a violent act or an act that is dangerous to human life, property or infrastructure that is committed by an individual or individuals and that appears to be part of an effort to coerce a civilian population or to influence the policy or affect the conduct of any government by coercion, and the act is not a "certified act of terrorism".

Multiple incidents of an "other act of terrorism" which occur within a seventy-two hour period and appear to be carried out in concert or to have a related purpose or common leadership shall be considered to be one incident.
- C. In the event of any incident of a "certified act of terrorism" or an "other act of terrorism" that is not subject to this exclusion, coverage does not apply to any loss or damage that is otherwise excluded under this Coverage Part.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS CHANGES – EMPLOYMENT-RELATED PRACTICES EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

A. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage A – Bodily Injury And Property Damage Liability:

This insurance does not apply to:

"Bodily injury" to:

- (1) A person arising out of any:
 - (a) Refusal to employ that person;
 - (b) Termination of that person's employment; or
 - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "bodily injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b) or (c) above is directed.

This exclusion applies:

- (1) Whether the injury-causing event described in Paragraphs (a), (b) or (c) above occurs before employment, during employment or after employment of that person;
- (2) Whether the insured may be liable as an employer or in any other capacity; and

- (3) To any obligation to share damages with or to repay someone else who must pay damages because of the injury.

B. The following exclusion is added to Paragraph 2., Exclusions of Section I – Coverage B – Personal And Advertising Injury Liability:

This insurance does not apply to:

"Personal and advertising injury" to:

- (1) A person arising out of any:
 - (a) Refusal to employ that person;
 - (b) Termination of that person's employment; or
 - (c) Employment-related practices, policies, acts or omissions, such as coercion, demotion, evaluation, reassignment, discipline, defamation, harassment, humiliation, discrimination or malicious prosecution directed at that person; or
- (2) The spouse, child, parent, brother or sister of that person as a consequence of "personal and advertising injury" to that person at whom any of the employment-related practices described in Paragraphs (a), (b) or (c) above is directed.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**AMENDMENT OF PERSONAL AND ADVERTISING INJURY EXCLUSION C.
MATERIAL PUBLISHED PRIOR TO POLICY PERIOD**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

Exclusion c. under **Paragraph 2 Exclusions of Section I – Coverage B – Personal and Advertising Injury Liability** is replaced by the following.

"Personal and advertising injury" arising out of "an advertisement" or other oral or written publication of material where the publication or broadcast of the same or similar material took place before the beginning of the policy period;

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

ABSOLUTE SILICA EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART:

It is agreed that this exclusion applies to the Commercial General Liability coverage part, any endorsements issued in connection with such coverage part and any stop gap – employers liability coverage added to the coverage part.

1. This policy does not apply to "bodily injury", "property damage", "bodily injury by disease", "bodily injury by accident" or "personal and advertising injury" in any way or to any extent arising out of or involving silica, silica particles or dust, or any product containing silica or used to control silica, or any product or action used or taken to protect any person from exposure to silica in any form.
2. This policy does not apply to "economic loss", "diminution of property", "abatement costs", or any other loss, cost, or expense including "Equitable Relief", in any way or to any extent arising out of or involving silica, silica particles or dust, or any product containing silica or used to control silica or any product or action used or taken to protect any person from exposure to silica in any form.
3. This policy provides no coverage for any fees, costs, or expenses of any nature whatsoever in the investigation or defense of any claim or "suit" arising out of or involving silica, silica particles or dust, or any product containing silica or used to control silica or any product or action used or taken to protect any person from exposure to silica in any form.

For the purpose of this exclusion only, the following additional terms are defined:

"Abatement costs" means any actual or potential damages, costs, fees, or expenses, including the costs of inspection, removal or replacement.

"Diminution of property" means the diminishing or lessening in value of property.

"Economic loss" means any actual or potential damages, costs, fees, expenses, or lost profits arising out of or involving the manufacture or utilization of a good or product.

"Equitable relief" means any remedy or relief, including restitution or injunctive relief, sought in a court with equitable powers.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

LEAD EXCLUSION

This Endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

The following exclusion is added to Paragraph 2. **Exclusions** of **Section I – Coverages**:

Lead Liability

This insurance does not apply to:

- (1) "Bodily Injury", "Property Damage", or "Personal and Advertising Injury" in any way or to any extent arising out of the actual, alleged or threatened exposure to lead or any substance containing lead.
- (2) "Economic Loss", "Diminution of Property", "Abatement Costs" or any other loss, cost or expense, including "Equitable Relief", in any way or to any extent arising out of or involving lead or any substance containing lead.
- (3) Any fees, costs or expenses of any nature whatsoever in the investigation or defense of any "Claim" or "Suit" arising out of or involving lead or any substance containing lead.

For the purpose of this exclusion, the following additional terms are defined:

"Abatement Costs" means any actual or potential damages, costs, fees or expenses, including the costs of inspection, removal, replacement, or treatment.

"Diminution of Property" means the diminishing or lessening in value of property.

"Economic Loss" means any actual or potential damages, costs, fees, expenses or lost profits arising out of or involving the manufacture, utilization or existence of a substance or product.

"Equitable Relief" means any remedy or relief, including restitution or injunctive relief, sought in a court with equitable powers.

All other terms and conditions of the policy remain unchanged.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION - DESIGNATED PROFESSIONAL SERVICES

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Description Of Professional Services:

ANY USE OR RECOMMENDATION OF USE BY YOU OF EITHER CHEMICALS OR FERTILIZER WHICH EITHER DIFFERS OR IS NOT RECOMMENDED BY EITHER THE MANUFACTURER'S SPECIFICATIONS OR INSTRUCTIONS. THIS EXCLUSION APPLIES WHETHER OR NOT YOU SOLD THE PRODUCT USED OR RECOMMENDED. ADDITIONALLY, THIS EXCLUSION APPLIES IF THE USE OR RECOMMENDATION WAS DONE BY EITHER AN INDEPENDENT CONTRACTOR OR CONSULTANT WHEN EITHER IS ACTING ON YOUR BEHALF.

ANY USE OR RECOMMENDATION OF USE BY YOU OF EITHER CHEMICALS OR FERTILIZER WHICH VIOLATES EITHER A FEDERAL, STATE OR LOCAL LAW, ORDINANCE, OR REGULATION. THIS EXCLUSION APPLIES WHETHER OR NOT YOU SOLD THE PRODUCT USED OR RECOMMENDED. ADDITIONALLY, THIS EXCLUSION APPLIES IF THE USE OR RECOMMENDATION WAS DONE BY EITHER AN INDEPENDENT CONTRACTOR OR CONSULTANT WHEN EITHER IS ACTING ON YOUR BEHALF.

(If no entry appears above, information required to complete this endorsement will be shown in the Declarations as applicable to this endorsement.)

With respect to any professional services shown in the Schedule, the following exclusion is added to Paragraph 2., **Exclusions** of **Section I - Coverage A - Bodily Injury And Property Damage Liability** and Paragraph 2., **Exclusions** of **Section I - Coverage B - Personal And Advertising Injury Liability**:

This insurance does not apply to "bodily injury", "property damage" or "personal and advertising injury" due to the rendering of or failure to render any professional service.



THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MISDELIVERY OF LIQUID PRODUCTS COVERAGE

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART.

Exclusion g. of COVERAGE A (Section I) does not apply to "bodily injury" or "property damage" arising out of:

1. The delivery of any liquid product into a wrong receptacle or to a wrong address; or
2. The erroneous delivery of one liquid product for another by an "auto;"

if the "bodily injury" or "property damage" occurs after such operations have been completed or abandoned at the site of such delivery.

Operations which may require further service, maintenance, correction, repair or replacement of performance at the wrong address or because of any error, defect or deficiency, but which are otherwise completed, will be deemed completed.

NOTICE OF DISCLOSURE

Lead Exclusion

The Texas Department of Insurance requires that we notify you that this policy contains a LEAD EXCLUSION. See form number 600.0.955.

COMMERCIAL INLAND MARINE CONDITIONS

The following conditions apply in addition to the Common Policy Conditions and applicable Additional Conditions in Commercial Inland Marine Coverage Forms:

LOSS CONDITIONS

A. Abandonment

There can be no abandonment of any property to us.

B. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

1. Pay its chosen appraiser; and
2. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

C. Duties In The Event Of Loss

You must see that the following are done in the event of loss or damage to Covered Property:

1. Notify the police if a law may have been broken.
2. Give us prompt notice of the loss or damage. Include a description of the property involved.
3. As soon as possible, give us a description of how, when and where the loss or damage occurred.
4. Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

5. You will not, except at your own cost, voluntarily make a payment, assume any obligation, or incur any expense without our consent.

6. As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

7. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

8. Send us a signed, sworn proof of loss containing the information we request to settle the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.

9. Immediately send us copies of any demands, notices, summonses or legal papers received in connection with the claim or suit.

10. Cooperate with us in the investigation or settlement of the claim.

D. Insurance Under Two Or More Coverages

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

E. Loss Payment

1. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.

2. We will not pay you more than your financial interest in the Covered Property.

3. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claim against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.

4. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.

5. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss if you have complied with all the terms of this Coverage Part and:

- a. We have reached agreement with you on the amount of the loss; or
- b. An appraisal award has been made.

6. We will not be liable for any part of a loss that has been paid or made good by others.

F. Other Insurance

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.

2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

G. Pair, Sets Or Parts

1. Pair Or Set

In case of loss or damage to any part of a pair or set we may:

- a. Repair or replace any part to restore the pair or set to its value before the loss or damage; or
- b. Pay the difference between the value of the pair or set before and after the loss or damage.

2. Parts

In case of loss or damage to any part of Covered Property consisting of several parts when complete, we will only pay for the value of the lost or damaged part.

H. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

I. Reinstatement Of Limit After Loss

The Limit of Insurance will not be reduced by the payment of any claim, except for total loss or damage of a scheduled item, in which event we will refund the unearned premium on that item.

J. Transfer Of Rights Of Recovery Against Others To Us

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property.
2. After a loss to your Covered Property only if, at time of loss, that party is one of the following:
 - a. Someone insured by this insurance; or
 - b. A business firm:
 - (1) Owned or controlled by you; or
 - (2) That owns or controls you.

This will not restrict your insurance.

GENERAL CONDITIONS

A. Concealment, Misrepresentation Or Fraud

This Coverage Part is void in any case of fraud, intentional concealment or misrepresentation of a material fact, by you or any other insured, at any time, concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

B. Control Of Property

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

C. Legal Action Against Us

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all the terms of this Coverage Part; and
2. The action is brought within 2 years after you first have knowledge of the direct loss or damage.

D. No Benefit To Bailee

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

E. Policy Period, Coverage Territory

We cover loss or damage commencing:

1. During the policy period shown in the Declarations; and
2. Within the coverage territory.

F. Valuation

The value of property will be the least of the following amounts:

1. The actual cash value of that property;

2. The cost of reasonably restoring that property to its condition immediately before loss or damage; or
3. The cost of replacing that property with substantially identical property.

In the event of loss or damage, the value of property will be determined as of the time of loss or damage.

Policy Number
5068721475

Crum Forster

**COMMERCIAL INLAND MARINE COVERAGE PART
SUPPLEMENTAL DECLARATIONS**

UNITED STATES FIRE INSURANCE COMPANY

Named Insured ADAIR GRAIN, INC.

Effective Date: 01-01-13

Agent Name HERTEL INSURORS GROUP, L.L.P

12:01 A.M., Standard Time

Agent No. 84577

Item 1. Business Description: FERTILIZER OPERATIONS

Item 2. Forms and Endorsements

Form(s) and Endorsement(s) made a part of this policy at time of issue:

See Schedule of Forms and Endorsements

Policy Number
5068721475

Crum Forster

ENDORSEMENT

UNITED STATES FIRE INSURANCE COMPANY

Named Insured ADAIR GRAIN, INC.
Agent Name HERTEL INSURORS GROUP, L.L.P

Effective Date: 01-01-2013
12:01 A.M. Standard Time
Agent No. 84577

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Coverage Parts Affected

COMMERCIAL INLAND MARINE

LOSS PAYEE ENDORSEMENT

IT IS HEREBY AGREED THAT THE FOLLOWING CHANGES ARE MADE TO THE POLICY:

WE WILL PAY FOR LOSS, IF ANY, TO YOU AND :

CAPITAL FARM CREDIT
PO BOX 20097
WACO, TX 76702

DEERE & COMPANY, IT'S SUCCESSORS AND/CR ASSIGN
P.O. BOX 6600
JOHNSTON, IA. 50131-6600

CNH FINANCIAL
100 BRUBAKER AVE.
NEW HOLLAND, PA 17557
RE: 2012 CASE IH TITAN 430 FERTILIZER APPLICATOR #YCT032352
2012 NEWLEADER BED L4000G4 #134161

AS YOUR RESPECTIVE INTERESTS MAY APPEAR.

All other terms and conditions of this Policy remain unchanged.

(The information below is required to be completed only when this endorsement is issued subsequent to the policy effective date.)

Effective _____, this endorsement forms part of Policy Number _____

of _____

Issued to: _____

Endorsement No: _____

Accepted _____

FIRST NAME INSURED

AUTHORIZED REPRESENTATIVE

Policy Number
5068721475

Crum Forster

ENDORSEMENT

UNITED STATES FIRE INSURANCE COMPANY

Named Insured ADAIR GRAIN, INC.
Agent Name HERTEL INSURORS GROUP, L.L.P

Effective Date: 01-01-2013
12:01 A.M. Standard Time

Agent No. 84577

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

Coverage Parts Affected

COMMERCIAL INLAND MARINE

DEDUCTIBLES :

\$2,500 FOR TYLER APPLICATOR #3463 AND TERRAGATOR #0004
\$2,500 FOR 2009 JOHN DEERE 4830 SPRAYER, S#NO4830XX3561
\$1,000 FOR ALL OTHER ITEMS

All other terms and conditions of this Policy remain unchanged.

(The information below is required to be completed only when this endorsement is issued subsequent to the policy effective date.)

Effective _____, this endorsement forms part of Policy Number

of

Issued to:

Endorsement No:

Accepted _____

FIRST NAME INSURED

AUTHORIZED REPRESENTATIVE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS CHANGES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART

- A. Loss Condition B. Appraisal** in the Commercial Inland Marine Conditions is replaced by the following:
- B. Appraisal**
1. If we and you disagree on the value of the property or the amount of loss, either may make written demand, within 60 days after our receipt of a signed, sworn proof of loss, for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree for 15 days upon such umpire, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their difference to the umpire. A decision agreed to by any two will be binding. Each party will:
 - a. Pay its chosen appraiser; and
 - b. Bear the other expenses of the appraisal and umpire equally.
 2. If there is an appraisal:
 - a. You will still retain your right to bring a legal action against us, subject to the provisions of the Legal Action Against Us Commercial Inland Marine Condition; and
 - b. We will still retain our right to deny the claim.
- B. Paragraph 8. of Loss Condition C. Duties In The Event Of Loss** in the Commercial Inland Marine Conditions is replaced by the following:
8. Send us a signed, sworn proof of loss containing the information we request to settle the claim. You must do this within 91 days after our request. We will supply you with the necessary forms.
- C. Under Loss Condition E. Loss Payment** in the Commercial Inland Marine Conditions, the provisions pertaining to notice of our intentions and the time period for payment of claims are deleted and replaced by the following:
1. **Claims Handling**
 - a. Within 15 days after we receive written notice of claim, we will:
 - (1) Acknowledge receipt of the claim. If we do not acknowledge receipt of the claim in writing, we will keep a record of the date, method and content of the acknowledgment;
 - (2) Begin any investigation of the claim; and
 - (3) Request a signed, sworn proof of loss, specify the information you must provide and supply you with the necessary forms. We may request more information at a later date, if during the investigation of the claim such additional information is necessary.
 - b. We will notify you in writing as to whether:
 - (1) The claim or part of the claim will be paid;
 - (2) The claim or part of the claim has been denied, and inform you of the reasons for denial;
 - (3) More information is necessary; or
 - (4) We need additional time to reach a decision. If we need additional time, we will inform you of the reasons for such need.

We will provide notification, as described in Paragraphs **b.(1)** through **b.(4)**, within:

 - (1) 15 business days after we receive the signed, sworn proof of loss and all information we requested; or

(2) 30 days after we receive the signed, sworn proof of loss and all information we requested, if we have reason to believe the loss resulted from arson.

If we have notified you that we need additional time to reach a decision, we must then either approve or deny the claim within 45 days of such notice.

2. We will pay for covered loss or damage within five business days after:
 - a. We have notified you that payment of the claim or part of the claim will be made and have reached agreement with you on the amount of loss; or
 - b. An appraisal award has been made.

However, if payment of the claim or part of the claim is conditioned on your compliance with any of the terms of this Coverage Part, we will make payment within five business days after the date you have complied with such terms.

The following paragraphs are added:

3. Catastrophe Claims

If a claim results from a weather related catastrophe or a major natural disaster, the claim handling and claim payment deadlines described in Paragraphs **C.1.** and **C.2.** are extended for an additional 15 days.

Catastrophe or Major Natural Disaster means a weather related event which:

- a. Is declared a disaster under the Texas Disaster Act of 1975; or
 - b. Is determined to be a catastrophe by the Texas Department of Insurance.
4. The term "business day", as used in the Loss Payment Condition, means a day other than Saturday, Sunday or a holiday recognized by the state of Texas.
- D.** Paragraph **2.** of General Condition **C. Legal Action Against Us** in the Commercial Inland Marine Conditions is replaced by the following:
2. The action is brought within two years and one day from the date the cause of action first accrues. A cause of action accrues on the date of the initial breach of our contractual duties as alleged in the action.
- E.** Paragraphs **A.5.a.** and **A.5.b.** of the Coverage Extensions and Section **F. Definitions** in the Equipment Dealers Coverage Form are deleted.

MISCELLANEOUS COVERAGE FORM

Attached to and made a part of policy number 5068721475

COVERAGE FORM DECLARATIONS

LIMITS OF INSURANCE:

Description of property	Limit of Insurance
121 UNSCHEDULED ITEMS VALUED AT \$10,000 OR LESS PER ITEM	\$323,937

DEDUCTIBLE:

\$1,000

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words we, "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to the DEFINITIONS section in this Coverage Form.

A. COVERAGE

We will pay for "loss" to Covered Property from any of the Covered Causes of Loss.

1. COVERED PROPERTY

Covered Property means property as described in this Coverage Form Declarations, which is:

- a. Your property; and
- b. Property of others that is in your care, custody or control.

2. PROPERTY NOT COVERED

Covered Property does not include:

- a. Accounts, bills, deeds, notes, securities, evidences of debt, letters of credit, tickets, passports, documents, manuscripts, mechanical drawings, valuable papers of any kind, recorded electronic data and media;
- b. Money, currency, bullion, gold, silver and other precious metals, diamonds, precious or semi-precious stones, jewelry, furs or fine arts;
- c. Property held for sale;
- d. Contraband or property in the course of illegal transportation or trade; or
- e. Land or water.

3. COVERED CAUSES OF LOSS

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL "LOSS" to Covered Property except those causes of "loss" listed in the Exclusions.

4. COVERAGE EXTENSIONS

a. Debris Removal

(1) We will pay your expenses to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the earlier of:

- (a) The date of direct physical "loss"; or
- (b) The end of the policy period.

(2) We will pay up to \$5,000 for debris removal expense in any one occurrence when the sum of the direct "loss" and debris removal expense exceeds the applicable Limit of Insurance shown in this Coverage Form Declarations.

(3) This coverage extension for debris removal does not apply to costs to:

- (a) Extract "pollutants" from land or water; or
- (b) Remove, restore or replace polluted land or water.

b. Pollutant Clean Up and Removal

(1) We will pay your expenses to extract "pollutants" from land or water if the release, discharge or dispersal of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the earlier of:

- (a) The date of direct physical "loss"; or
- (b) The end of the policy period.

(2) The most we will pay under this Coverage Extension is \$10,000 for the sum of all such expenses arising out of Covered Causes of Loss occurring during each separate 12 month period of this policy.

B. EXCLUSIONS

1. We will not pay for a "loss" caused directly or indirectly by any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss".

a. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for damage or destruction of Covered Property ordered by governmental authority:

- (1) Taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form; or,
- (2) That is a direct result of a Covered Cause of Loss.

b. Nuclear Hazard

- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.

c. War and Military Action

- (1) War, including undeclared or civil war;

- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.
- d. Ordinance or Law
The enforcement of any ordinance or law:
 - (1) Regulating the construction, use or repair of any property; or
 - (2) Requiring the tearing down of any property, including the cost of removing its debris.
- 2. We will not pay for a "loss" caused by or resulting from any of the following:
 - a. Delay, loss of use, loss of market or any other consequential loss.
 - b. Dishonest acts by:
 - (1) You, your employees or authorized representatives;
 - (2) Anyone else with an interest in the property, or their employees or authorized representatives; or
 - (3) Anyone else to whom the property is entrusted.

This exclusion applies whether or not such persons are acting alone or in collusion with other persons or such acts occur during the hours of employment.

But this exclusion does not apply to Covered Property that is entrusted to others who are carriers for hire.
 - c. Unexplained disappearance.
 - d. Shortage found upon taking inventory.
 - e. Processing or work upon the Covered Property. But we will pay for direct "loss" caused by resulting fire or explosion.
 - f. Artificially generated current creating a short circuit or other electrical disturbance within the Covered Property. But we will pay for direct "loss" caused by resulting fire or explosion.
 - g. Faulty materials, improper workmanship, errors in design or specifications.
 - h. Theft from any unattended vehicle owned, leased or operated by you unless at the time of theft its windows, doors and compartments were closed and locked and there are visible signs that the theft was the result of forced entry.
- 3. We will not pay for a "loss" caused by or resulting from any of the following. But if "loss" by a Covered Cause of Loss results, we will pay for that resulting "loss".
 - a. Wear, tear, gradual deterioration, depreciation, any quality in the property that causes it to damage or destroy itself; hidden or latent defect; mechanical breakdown; corrosion or rust.
 - b. Dryness or dampness of atmosphere, extremes or changes of temperature including freezing; insects, vermin, rodents or worms.

C. LIMITS OF INSURANCE

The most we will pay for "loss" in any one occurrence:

- 1. For Covered Property is the applicable Limit of insurance shown in this Coverage Form Declarations;
- 2. For Coverage Extensions is the Limit of insurance applicable to a Coverage Extension.

D. DEDUCTIBLE

We will not pay for "loss" in any one occurrence until the amount of the adjusted "loss" exceeds the deductible shown in this Coverage Form Declarations. We will then pay the amount of the adjusted "loss" in excess of the Deductible, up to the applicable Limit of insurance.

E. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Commercial Inland Marine Conditions and Common Policy Conditions:

1. COVERAGE TERRITORY

We cover Covered Property wherever located within the 50 States of The United States of America, District of Columbia and Canada.

2. COINSURANCE

All Covered Property must be insured for its total value as of the time of "loss" or you will incur a penalty. The penalty is that we will pay only the proportion of any "loss" that the Limit of Insurance shown in this Coverage Form Declarations for all Covered Property bears to the total value of all Covered

Property as of the time of "loss". If the Covered Property consists of two or more items which are scheduled in this Coverage Form Declarations with a Limit of Insurance applying to each item, this penalty will apply to each item separately.

3. IMPAIRMENT OF RECOVERY RIGHTS

If by any act or agreement after a "loss" you impair our right to recover from others liable for the "loss", we will not pay you for that "loss".

4. LABELS

In the event of "loss" to identifying labels or wrappers, we will pay only the cost of new labels or wrappers.

F. DEFINITIONS

1. "LOSS" means accidental loss or damage.
2. "POLLUTANTS" means any Covered Property that becomes a solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

CONTRACTOR'S EQUIPMENT COVERAGE FORM - TEXAS

Attached to and made a part of policy number 5068721475

COVERAGE FORM DECLARATIONS

LIMITS OF INSURANCE:

1. COVERED PROPERTY

a. Schedule of Property (See A.1. of this Coverage Form)

	DESCRIPTION OF PROPERTY	
Item No.	(Year, Name of Manufacturer, Type, Model, Serial Number)	Limit of Insurance
1.	1995 TYLER TITAN 3300 APPLICATOR #CP1733463	\$40,000
2.	1991 CHEVY KODIAK SPREADER #1GBJ7H1P5MJ100059	\$15,000
3.	2001 SWINGER LOADER - #1658	\$32,000
4.	2004 TERRAGATOR 6103 #63020004	\$106,000
5.	1985 10-TON TENDER AUGERBOX	\$11,000
6.	2010 WYLIE CONE TANK ON WELDER TRAILER #38754	\$5,300

Schedule of Property Total

b. Limit of Insurance for All Covered Property \$758,714

2. COVERAGE EXTENSIONS

a. Additionally Acquired Equipment (See A.4.a. of this Coverage Form)

25% of the Schedule of Property Total or \$100,0000

whichever is less, for any one item Increased to

b. Rental Expense Reimbursement (See A.4.b. of this Coverage Form)

\$2,500 in any one policy period Increased to

DEDUCTIBLE: SEE MANUSCRIPT ENDORSEMENT

LOSS PAYABLE TO YOU AND
SEE LOSS PAYEE SCHEDULE

AS INTEREST MAY APPEAR.

CONTRACTOR'S EQUIPMENT COVERAGE FORM - TEXAS

Attached to and made a part of policy number 5068721475

COVERAGE FORM DECLARATIONS

LIMITS OF INSURANCE:

1. COVERED PROPERTY

a. Schedule of Property (See A.1. of this Coverage Form)

	DESCRIPTION OF PROPERTY	Limit of Insurance
Item No.	(Year, Name of Manufacturer, Type, Model, Serial Number)	
7.	2010 WYLIE CONE TANK ON WELDER TRAILER #38806	\$5,300
8.	2010 WYLIE CONE TANK ON WELDER TRAILER #38807	\$5,300
9.	2010 ADAMS FERTILIZER SPREADER MODEL A-70-5T 304, #S-15410	\$8,500
10.	2009 JOHN DEERE 4830 SPRAYER S# NO4830X003561	\$213,097
11.	JD 0491PC AUTO TRAC S F1 ACTIVATION GS2 S# PCO491A114465	\$3,008

Schedule of Property Total

b. Limit of Insurance for All Covered Property \$758,714

2. COVERAGE EXTENSIONS

a. Additionally Acquired Equipment (See A.4.a. of this Coverage Form)

25% of the Schedule of Property Total or \$100,0000

whichever is less, for any one item

Increased to

b. Rental Expense Reimbursement (See A.4.b. of this Coverage Form)

\$2,500 in any one policy period

Increased to

DEDUCTIBLE: SEE MANUSCRIPT ENDORSEMENT

LOSS PAYABLE TO YOU AND

SEE LOSS PAYEE SCHEDULE

AS INTEREST MAY APPEAR.

CONTRACTOR'S EQUIPMENT COVERAGE FORM - TEXAS

Attached to and made a part of policy number 5068721475

COVERAGE FORM DECLARATIONS

LIMITS OF INSURANCE:

1. COVERED PROPERTY

a. Schedule of Property (See A.1. of this Coverage Form)

	DESCRIPTION OF PROPERTY	Limit of Insurance
Item No.	(Year, Name of Manufacturer, Type, Model, Serial Number)	
12.	JD 0530PC SWATH CONTROL PRO ACTIVATION S# PC0530A122835	\$2,707
13.	JD 0907PC STARFIRE 3 000 RECEIVER S# PCGT3A333830	\$2,702
14.	2012 ADAMS SS AUGER BOX W MAGNOLIA TRLR #5293 S/N SR22-863/5293	\$55,000
15.	2012 CASE IH FERTILIZER APPLICATOR #YCT032352	\$205,760
16.	NEW LEADER APPLICATOR BED ATTACHED TO #2352 #134161	\$48,040

Schedule of Property Total

b. Limit of Insurance for All Covered Property \$758,714

2. COVERAGE EXTENSIONS

a. Additionally Acquired Equipment (See A.4.a. of this Coverage Form)

25% of the Schedule of Property Total or \$100,0000

whichever is less, for any one item Increased to

b. Rental Expense Reimbursement (See A.4.b. of this Coverage Form)

\$2,500 in any one policy period Increased to

DEDUCTIBLE: SEE MANUSCRIPT ENDORSEMENT

LOSS PAYABLE TO YOU AND
SEE LOSS PAYEE SCHEDULE

AS INTEREST MAY APPEAR.

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to the DEFINITIONS section in this Coverage Form.

A. COVERAGE

We will pay for "loss" to Covered Property from any of the Covered Causes of Loss.

1. COVERED PROPERTY

Covered Property means contractor equipment as scheduled in this Covered Form Declarations, which is

- a. Your property; and
- b. Similar property of others for which you may be liable.

2. PROPERTY NOT COVERED

Covered Property does not include:

- a. Automobiles, motor trucks, tractors, trailers or other vehicles designed and principally used for highway transportation; aircraft or watercraft.
- b. Property while airborne;
- c. Property while waterborne, except while in transit on a regular ferry;
- d. Property while located underground;
- e. Tools and clothing of your employees;
- f. Contraband or property in the course of illegal transportation or trade; or
- g. Land or water.

3. COVERED CAUSES OF LOSS

Covered Causes of Loss means RISKS OF DIRECT PHYSICAL "LOSS" to Covered Property except those causes of "loss" listed in the Exclusions.

4. COVERAGE EXTENSIONS

a. Additionally Acquired Equipment

If during the policy period you acquire additional equipment of a type already covered by this form which you buy, lease, rent or borrow, we will cover such equipment for up to 60 days but not beyond the end of the policy period.

The most we will pay in a "loss" for any one item is the lesser of:

(1) 25% of the Scheduled of Property Total shown in this Coverage Form Declarations; or

(2) \$100,000;

Unless an increased limit for any one item is shown in this Coverage Form Declarations.

You will report such equipment to us within 60 days from the date acquired and will pay any additional premium due. If you do not report such equipment, coverage will cease automatically 60 days after the date the equipment is acquired, or at the end of the policy period, whichever occurs first.

b. Rental Expense Reimbursement

We will reimburse your rental expenses should a covered "loss" to equipment you own make it necessary to rent replacement equipment to continue your normal operations of the work in progress. We will reimburse these rental expenses provided you do not have equivalent idle equipment you can use and you restore or replace the lost or damaged equipment as soon as possible.

Our reimbursement is limited to rental expenses incurred during the period of time beginning seventy-two (72) hours after the "loss" has occurred and continuing until the equipment has been restored, replaced or is no longer needed, whichever occurs first. The period of reimbursement will not be limited by the policy expiration date.

The most we will pay is \$2,500 of your rental expenses in any one policy period for one or more items of equipment unless an increased limit is shown in this Coverage Form Declarations.

c. Debris Removal

We will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period.

B. EXCLUSIONS

1. We will not pay for a "loss" caused directly or indirectly by any of the following. Such "loss" is excluded regardless of any other cause or event that contributed concurrently or in any sequence to the "loss".

a. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for damage or destruction of Covered Property ordered by governmental authority.

- (1) Taken at the time of a fire to prevent its spread if the fire would be covered under this Coverage Form;
or
- (2) That is a direct result of a Covered Cause of Loss.

b. Nuclear Hazard

- (1) Any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination from any other cause. But we will pay for direct "loss" caused by resulting fire if the fire would be covered under this Coverage Form.

c. War and Military Action

- (1) War including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

2. We will not pay for a "loss" caused by or resulting from any of the following:

- a. Delay, loss of use, loss of market or any other consequential loss.

b. Dishonest acts by:

- (1) You, your employees or authorized representatives;
- (2) Anyone else with an interest in the property, or their employees or authorized representatives; or
- (3) Anyone else to whom the property is entrusted.

This exclusion applies whether or not such persons are acting alone or in collusion with other persons or such acts occur during the hours of employment.

But this exclusion does not apply to Covered Property that is entrusted to others who are carriers for hire.

c. Unexplained disappearance.

d. Shortage found upon taking inventory.

e. The lifting of a load that exceeds the manufacturer's load chart specifications, or by any operation that stresses the machine beyond the manufacturer's suggested operational limitations.

f. Artificially generated current creating a short circuit or other electrical disturbance within the Covered Property. But we will pay for direct "loss" caused by resulting fire or explosion.

3. We will not pay for a "loss" caused by or resulting from any of the following. But if "loss" by a Covered Cause of Loss results, we will pay for that resulting "loss".

a. Wear and tear, gradual deterioration, corrosion, rust, dryness or dampness of atmosphere, extremes or changes of temperature including freezing.

b. Any quality in the property that causes it to damage or destroy itself, hidden or latent defect.

c. Mechanical or electrical breakdown or failure.

C. LIMITS OF INSURANCE

The most we will pay for "loss" in any one occurrence:

1. For one item of scheduled property is the Limit of Insurance for that item;

2. For more than one item of scheduled property is the total of the scheduled limits of those items up to the Limit of Insurance for All Covered Property;
3. For Coverage Extensions is the Limit of Insurance applicable to a Covered Extension;

As shown in this Coverage Form Declarations.

D. DEDUCTIBLE

We will not pay for "loss" in any one occurrence until the amount of the adjusted "loss" exceeds the deductible shown in this Coverage Form Declarations. We will then pay the amount of the adjusted "loss" in excess of the Deductible, up to the applicable Limit of Insurance.

This condition does not apply to Rental Reimbursement and Debris Removal.

E. ADDITIONAL CONDITIONS

The following conditions apply in addition to the Commercial Inland Marine Conditions and Common Policy Conditions:

1. COVERAGE TERRITORY

We cover Covered Property wherever located within the 50 States of The United States of America, District of Columbia and Canada.

2. VALUATION

The valuation condition contained in the Commercial Inland Marine Conditions is replaced by the following:

The value of property will be the least of the following amounts:

- a. The actual cash value of that property;
- b. The cost of reasonably restoring that property to its condition immediately before "loss"; or
- c. The cost of replacing that property with substantially identical property.

In the event of "loss", the value of property will be determined as of the time of "loss".

However, we will not deduct depreciation on the adjustment of a partial "loss" to an item when the "loss" is less than twenty percent (20%) of the actual cash value of the item.

3. COINSURANCE

All Covered Property must be insured for at least 80% of its total value as of the time of "loss" or you will incur a penalty.

The penalty is that we will pay only the proportion of any "loss" that the Limit of Insurance shown in this Coverage Form Declarations for a scheduled item bears to 80% of its actual cash value as of the time of "loss".

4. IMPAIRMENT OF RECOVERY RIGHTS

If by any act or agreement after a "loss" you impair our right to recover from others liable for the "loss", we will not pay you for that "loss".

F. DEFINITIONS

1. "LOSS" means accidental loss or damage.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF TERRORISM

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM
BUSINESS AUTO PHYSICAL DAMAGE COVERAGE FORM
GARAGE COVERAGE FORM
MOTOR CARRIER COVERAGE FORM
SINGLE INTEREST AUTOMOBILE PHYSICAL DAMAGE INSURANCE POLICY
TRUCKERS COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

A. The following definitions are added and apply under this endorsement wherever the term terrorism, or the phrase any injury, damage, loss or expense, are enclosed in quotation marks:

1. "Terrorism" means activities against persons, organizations or property of any nature:

a. That involve the following or preparation for the following:

- (1)** Use or threat of force or violence; or
- (2)** Commission or threat of a dangerous act; or
- (3)** Commission or threat of an act that interferes with or disrupts an electronic, communication, information, or mechanical system; and

b. When one or both of the following applies:

- (1)** The effect is to intimidate or coerce a government or the civilian population or any segment thereof, or to disrupt any segment of the economy; or
- (2)** It appears that the intent is to intimidate or coerce a government, or to further political, ideological, religious, social or economic objectives or to express (or express opposition to) a philosophy or ideology.

2. "Any injury, damage, loss or expense" means any injury, damage, loss or expense covered under any Coverage Form or Policy to which this endorsement is applicable, and includes but is not limited to "bodily injury", "property damage", "personal injury", "personal and advertising injury", "loss", loss of use, rental reimbursement after "loss" or "covered pollution cost or expense", as may be defined under this Coverage Form, Policy or any applicable endorsement.

B. Except with respect to Physical Damage Coverage, Trailer Interchange Coverage, Garagekeepers Coverage, Garagekeepers Coverage – Customers' Sound Receiving Equipment or the Single Interest Automobile Physical Damage Insurance Policy, the following exclusion is added:

EXCLUSION OF TERRORISM

We will not pay for "any injury, damage, loss or expense" caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". "Any injury, damage, loss or expense" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to such injury, damage, loss or expense. **But this exclusion applies only when one or more of the following are attributed to an incident of 'terrorism':**

1. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or

2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
3. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or
5. The total of insured damage to all types of property exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions; or
6. Fifty or more persons sustain death or serious physical injury. For the purposes of this provision, serious physical injury means:
 - a. Physical injury that involves a substantial risk of death; or
 - b. Protracted and obvious physical disfigurement; or
 - c. Protracted loss of or impairment of the function of a bodily member or organ.

Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the thresholds in Paragraphs **B.5.** and **B.6.** are exceeded.

With respect to this Exclusion, Paragraphs **B.5.** and **B.6.** describe the thresholds used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply to that incident. When the Exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Form, Policy or any applicable endorsement.

- C. With respect to Physical Damage Coverage, Trailer Interchange Coverage, Garagekeepers Coverage, Garagekeepers Coverage — Customers' Sound Receiving Equipment or the Single Interest Automobile Physical Damage Insurance Policy, the following exclusion is added:

EXCLUSION OF TERRORISM

We will not pay for any "loss", loss of use or rental reimbursement after "loss" caused directly or indirectly by "terrorism", including action in hindering or defending against an actual or expected incident of "terrorism". **But this exclusion applies only when one or more of the following are attributed to an incident of 'terrorism':**

1. The "terrorism" is carried out by means of the dispersal or application of radioactive material, or through the use of a nuclear weapon or device that involves or produces a nuclear reaction, nuclear radiation or radioactive contamination; or
2. Radioactive material is released, and it appears that one purpose of the "terrorism" was to release such material; or
3. The "terrorism" is carried out by means of the dispersal or application of pathogenic or poisonous biological or chemical materials; or
4. Pathogenic or poisonous biological or chemical materials are released, and it appears that one purpose of the "terrorism" was to release such materials; or
5. The total of insured damage to all types of property exceeds \$25,000,000. In determining whether the \$25,000,000 threshold is exceeded, we will include all insured damage sustained by property of all persons and entities affected by the "terrorism" and business interruption losses sustained by owners or occupants of the damaged property. For the purpose of this provision, insured damage means damage that is covered by any insurance plus damage that would be covered by any insurance but for the application of any terrorism exclusions.

Multiple incidents of "terrorism" which occur within a 72-hour period and appear to be carried out in concert or to have a related purpose or common leadership will be deemed to be one incident, for the purpose of determining whether the threshold in Paragraph **C.5.** is exceeded.

With respect to this Exclusion, Paragraph **C.5.** describes the threshold used to measure the magnitude of an incident of "terrorism" and the circumstances in which the threshold will apply, for the purpose of determining whether this Exclusion will apply to that incident. When the Exclusion applies to an incident of "terrorism", there is no coverage under this Coverage Form, Policy or any applicable endorsement.

D. In the event of any incident of "terrorism" that is not subject to the Exclusion in Paragraphs **B.** or **C.**, coverage does not apply to "any injury, damage, loss or expense" that is otherwise excluded under this Coverage Form, Policy or any applicable endorsement.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

SILICA OR SILICA-RELATED DUST EXCLUSION FOR COVERED AUTOS EXPOSURE

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM
GARAGE COVERAGE FORM
MOTOR CARRIER COVERAGE FORM
TRUCKERS COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

- A.** The following exclusion is added to Paragraph **B. Exclusions** of **Section II – Liability Coverage** in the Business Auto, Motor Carrier and Truckers Coverage Forms and for **'Garage Operations' – Covered 'Autos'** in the Garage Coverage Form:

SILICA OR SILICA-RELATED DUST EXCLUSION FOR COVERED AUTOS EXPOSURE

This insurance does not apply to:

1. "Bodily injury" arising, in whole or in part, out of the actual, alleged, threatened or suspected inhalation of, or ingestion of, "silica" or "silica-related dust".
2. "Property damage" arising, in whole or in part, out of the actual, alleged, threatened or suspected contact with, exposure to, existence of, or presence of, "silica" or "silica-related dust".

3. Any loss, cost or expense arising, in whole or in part, out of the abating, testing for, monitoring, cleaning up, removing, containing, treating, detoxifying, neutralizing, remediating or disposing of, or in any way responding to or assessing the effects of, "silica" or "silica-related dust", by any "insured" or by any other person or entity.

B. Additional Definitions

As used in this endorsement:

1. "Silica" means silicon dioxide (occurring in crystalline, amorphous and impure forms), silica particles, silica dust or silica compounds.
2. "Silica-related dust" means a mixture or combination of silica and other dust or particles.

Policy Number
5068721475

Crum Forster

BUSINESS AUTO COVERAGE PART DECLARATIONS

ITEM ONE

Named Insured ADAIR GRAIN, INC.

Effective Date: 01-01-13
12:01 AM, Standard Time

Agent Name HERTEL INSURORS GROUP, L.L.P

Agent No. 84577

ITEM TWO – SCHEDULE OF COVERAGES AND COVERED AUTOS

This policy provides only those coverages where a charge is shown in the premium column below. Each of these coverages will apply only to those "autos" shown as covered "autos". "Autos" are shown as covered "autos" for a particular coverage by the entry of one or more of the symbols from the COVERED AUTOS Section of the Business Auto Coverage Form next to the name of the coverage.

COVERAGES	COVERED AUTOS (Entry of one or more of the symbols from the COVERED AUTOS Section of the Business Auto Coverage Form shows which autos are covered autos)	LIMIT THE MOST WE WILL PAY FOR ANY ONE ACCIDENT OR LOSS	PREMIUM
LIABILITY	1	\$ 1,000,000	\$ 15,275
PERSONAL INJURY (P.I.P.) **	5	SEPARATELY STATED IN EACH P.I.P. END. MINUS NIL Deductible	\$ 81
ADDED P.I.P. (or equivalent added No-fault coverage.)		SEPARATELY STATED IN EACH ADDED P.I.P. ENDORSEMENT	
PROPERTY PROTECTION INS. (P.P.I.) (Michigan only)		SEPARATELY STATED IN THE P.P.I. ENDORSEMENT MNUS Deductible FOR EACH ACCIDENT	
AUTO MEDICAL PAYMENTS			
MEDICAL EXPENSE AND INCOME LOSS BENEFITS (Virginia only)		SEPARATELY STATED IN THE MEDICAL EXPENSE AND INCOME LOSS BENEFITS ENDORSEMENT	
UNINSURED MOTORISTS (UM)	6	\$ 100,000	\$ 432
UNDERINSURED MOTORISTS (when not included in UM Cov.)	6	\$ 100,000	INCL
P H D Y A S M I A C G A E L	COMPREHENSIVE COVERAGE	ACTUAL CASH VALUE OR COST OF REPAIR, WHICHEVER IS LESS MINUS	Deductible FOR EACH COVERED AUTO, BUT NO DEDUCTIBLE APPLIES TO LOSS CAUSED BY FIRE OR LIGHTNING***
	SPECIFIED CAUSES OF LOSS COVERAGE	7	\$25 Deductible FOR EACH COVERED AUTO FOR LOSS CAUSED BY MISCHIEF OR VANDALISM***
	COLLISION COVERAGE	7	SEE SCHEDULE Deductible FOR EACH COVERED AUTO***
	TOWING AND LABOR		\$50 for each disablement of a private passenger auto

FORMS AND ENDORSEMENTS APPLYING TO THIS COVERAGE PART AND MADE A PART OF THIS POLICY AT TIME OF ISSUE * :

SEE SCHEDULE OF FORMS AND ENDORSEMENTS

PREMIUM FOR ENDORSEMENTS

ESTIMATED TOTAL PREMIUM \$ 17,993

ITEM THREE –SCHEDULE OF COVERED AUTOS YOU OWN SEE SCHEDULE FM 114.0.1116(B) ATTACHED

* Forms and Endorsements applicable to this Coverage Part omitted if shown elsewhere in the policy.

** (or equivalent No-fault coverage.) *** See ITEM FOUR for hired or borrowed autos.

THIS COMMON POLICY DECLARATION AND THE SUPPLEMENTAL DECLARATION(S), TOGETHER WITH THE COMMON POLICY CONDITIONS, COVERAGE PARTS, COVERAGE FORM(S) AND FORMS AND ENDORSEMENTS, IF ANY, COMPLETE THE ABOVE NUMBERED POLICY.

ITEM FOUR - SCHEDULE OF HIRED OR BORROWED COVERED AUTO COVERAGE AND PREMIUMS.

LIABILITY COVERAGE - COST OF HIRE RATING BASIS - For Autos Used In Your Motor Carrier Operations (Other Than Mobile or Farm Equipment)

LIABILITY COVERAGE	ESTIMATED ANNUAL COST OF HIRE FOR ALL STATES	PREMIUM
Primary Coverage		
Excess Coverage		
	Total Premium	

For "autos" used in your motor carrier operations, cost of hire means:

- (a) The total dollar amount of costs you incurred for the hire of automobiles (includes "trailers" and semitrailers), and if not included therein,
- (b) The total remunerations of all operators and drivers' helpers, of hired automobiles whether hired with a driver by lessor or an "employee" of the lessee, or any other third party, and
- (c) The total dollar amount of any other costs (i.e., repair, maintenance, fuel, etc.) directly associated with operating the hired automobiles whether such costs are absorbed by the "insured", paid to the lessor or owner, or paid to others.

LIABILITY COVERAGE - COST OF HIRE RATING BASIS For Autos NOT Used In Your Motor Carrier Operations (Other Than Mobile or Farm Equipment)

STATE	LIABILITY COVERAGE	ESTIMATED ANNUAL COST OF HIRE FOR EACH STATE	RATE PER EACH \$100 COST OF HIRE	PREMIUM
	Primary Coverage			
TX	Excess Coverage	IF ANY	\$ 1.598	\$ 105
	Primary Coverage			
	Excess Coverage			
			Total Premium	\$ 105

For "autos" **NOT** used in your motor carrier operations, cost of hire means the total amount you incur for the hire of "autos" you don't own (not including "autos" you borrow or rent from your partners or "employees" or their family members). Cost of hire does not include charges for services performed by motor carriers of property or passengers.

LIABILITY COVERAGE - COST OF HIRE RATING BASIS FOR MOBILE OR FARM EQUIPMENT – OTHER THAN PHYSICAL DAMAGE COVERAGES

STATE	COVERAGE	ESTIMATED ANNUAL COST OF HIRE FOR EACH STATE		PREMIUM	
		Mobile Equipment	Farm Equipment	Mobile Equipment	Farm Equipment
	Liability – Primary Coverage				
	Liability – Excess Coverage				
	Personal Injury Protection				
	Medical Expense Benefits (Virginia Only)				
	Income Loss Benefits (Virginia Only)				
	Auto Medical Payments				
			Total Premiums		

Cost of hire means the total amount you incur for the hire of "autos" you don't own (not including "autos" you borrow or rent from your partners or "employees" or their family members). Cost of hire does not include charges for services performed by motor carriers of property or passengers.

PHYSICAL DAMAGE COVERAGES – Cost of Hire Rating Basis For All Autos (Other Than Mobile or Farm Equipment)					
COVERAGE	STATE	LIMIT OF INSURANCE	ESTIMATED ANNUAL COST OF HIRE FOR EACH STATE (EXCLUDING AUTOS HIRED WITH A DRIVER)		PREMIUM
Comprehensive		Actual Cash Value Or Cost Of Repair, Whichever Is Less, Minus Deductible For Each Covered Auto, But No Deductible Applies To Loss Caused By Fire Or Lightning			
Specified Causes Of Loss		Actual Cash Value Or Cost Of Repair, Whichever Is Less, Minus Deductible For Each Covered Auto For Loss Caused By Mischief Or Vandalism			
Collision		Actual Cash Value Or Cost Of Repair, Whichever Is Less, Minus Deductible For Each Covered Auto			
Total Premiums					
For Physical Damage Coverages, cost of hire means the total amount you incur for the hire of "autos" you don't own (not including "autos" you borrow or rent from your partners or "employees" or their family members). Cost of hire does not include charges for any "auto" that is leased, hired, rented or borrowed with a driver.					

PHYSICAL DAMAGE COVERAGES – Cost of Hire Rating Basis For Mobile Or Farm Equipment						
COVERAGE	STATE	LIMIT OF INSURANCE	ESTIMATED ANNUAL COST OF HIRE FOR EACH STATE (EXCLUDING AUTOS HIRED WITH A DRIVER)		PREMIUM	
			Mobile Equipment	Farm Equipment	Mobile Equipment	Farm Equipment
Comprehensive		Actual Cash Value Or Cost Of Repair, Whichever Is Less, Minus Deductible For Each Covered Auto, But No Deductible Applies To Loss Caused By Fire Or Lightning				
Specified Causes of Loss		Actual Cash Value Or Cost Of Repair, Whichever Is Less, Minus Deductible For Each Covered Auto For Loss Caused By Mischief Or Vandalism				
Collision		Actual Cash Value Or Cost Of Repair, Whichever Is Less, Minus Deductible For Each Covered Auto				
Total Premiums						
For Physical Damage Coverages, cost of hire means the total amount you incur for the hire of "autos" you don't own (not including "autos" you borrow or rent from your partners or "employees" or their family members). Cost of hire does not include charges for any "auto" that is leased, hired, rented or borrowed with a driver.						

LIABILITY COVERAGES - Rental Period Rating Basis For Mobile Or Farm Equipment					
COVERAGE	TOWN AND STATE WHERE THE JOB SITE IS LOCATED	ESTIMATED NUMBER OF DAYS EQUIPMENT WILL BE RENTED		PREMIUM	
		Mobile Equipment	Farm Equipment	Mobile Equipment	Farm Equipment
Liability – Primary Coverage					
Liability – Excess Coverage					
Personal Injury Protection					
Medical Expense Benefits (Virginia Only)					
Income Loss Benefits (Virginia Only)					
Auto Medical Payments					
Total Premiums					

ITEM FIVE - SCHEDULE FOR NON-OWNERSHIP LIABILITY

NAMED INSURED'S BUSINESS	RATING BASIS	NUMBER	PREMIUM
Other Than Garage Service Operations And Other Than Social Service Agencies (not applicable in CA)	Number of Employees	24	\$ 151
	Number of Partners (Active and Inactive)		
Garage Service Operations (not applicable in CA)	Number of Employees Whose Principal Duty Involves The Operation of Autos		
	Number Of Partners (Active and Inactive)		
Social Service Agencies	Number of Employees		
	Number of Volunteers Who Regularly Use Autos To Transport Clients		
	Number of Partners (Active and Inactive)		
Total Premiums			\$ 151

ITEM SIX - SCHEDULE FOR GROSS RECEIPTS OR MILEAGE BASIS

Address Of Business Headquarters Location:	
Type Of Risk (Check one):	<input type="checkbox"/> Public Autos <input type="checkbox"/> Leasing Or Rental Concerns
Rating Basis (Check one):	<input type="checkbox"/> Gross Receipts (Per \$100) <input type="checkbox"/> Mileage (Per Mile)
Estimated Yearly (Gross Receipts Or Mileage):	
Liability	
Personal Injury Protection	
Added Personal Injury Protection	
Property Protection Insurance (Michigan Only)	
Auto Medical Payments	
Medical Expense And Income Loss Benefits (Virginia Only)	
Comprehensive	
Specified Causes Of Loss	
Collision	
Towing And Labor	

When used as a premium basis:

FOR PUBLIC AUTOS

Gross receipts means the total amount earned by the named insured for transporting passengers, mail and merchandise.

Gross receipts does not include:

- A. Amounts paid to air, sea or land carriers operating under their own permits.
- B. Advertising Revenue.
- C. Taxes collected as a separate item and paid directly to the government.
- D. C.O.D. collections for cost of mail or merchandise including collection fees.

Mileage means the total live and dead mileage of all revenue producing "autos" during the policy period.

FOR RENTAL OR LEASING CONCERNS

Gross receipts means the total amount earned by the named insured for the leasing or renting of "autos" to others without drivers.

Mileage means the total live and dead mileage of all "autos" you leased or rented to others without drivers.

Policy Number
5068721475

Crum Forster

AUTO SCHEDULE

UNITED STATES FIRE INSURANCE COMPANY

Named Insured ADAIR GRAIN, INC.

Effective Date: 01-01-13

Agent Name HERTEL INSURORS GROUP, L.L.P

12:01 A.M., Standard Time

Agent No. 84577

This policy is hereby made to apply to the items described below.

DESCRIPTION			CLASSIFICATION				
Cov'd Auto No.	Year Model; Trade Name; Body Type; Serial Number(s) Vehicle Identification Number (VIN)	Territory: Town & State Where the Covered Auto will be principally garaged.	PURCHASED		Business use Radius \ s = service or \ r = retail Ops. \ c = comm	Size GWV GCW or Vehicle Seating Capacity	Code Factor
			Original Cost New	Actual Cost & NEW (N) USED (U)			
TX1	92 CHEVY 1 TON FLAT 1GBJC34FXNE159988	WEST TX, 024, 76691	\$ 18,000 ACV		50 C	10,000	034990
TX2	90 MACK TRACTOR 1352	WEST TX, 024, 76691	\$ 64,000 ACV		50	45,001	504990
TX3	81 CIRCLE TRAILER 801400	WEST TX, 024, 76691			50		684990
TX4	83 GMI TRAILER 5283	WEST TX, 024, 76691			50		684990
TX5	73 STAINLESS STEEL TANK TRAILER 1208	WEST TX, 024, 76691			200		675990
TX6	97 PETERBILT 6X4 119.5 BBC ALUM CONV (FG HOOD & F 1XPFD68X2VD432820	WEST TX, 024, 76691	\$ 97,645 ACV		200	45,000+	505990
TX7	99 FORD F-350 1FTSW31F1XEB22827	WEST TX, 024, 76691	\$ 25,795 ACV		50 C	10,000	034990
TX8	03 ADAMS 870 HOPPER BOTTOM TRAILER 1M9KT322031435015	WEST TX, 024, 76691	\$ 26,000 ACV		50		684990
TX9	88 PETERBILT TRACTOR 1XP29X7JD267431	WEST TX, 024, 76691	\$ 15,000 ACV		50	80,000	504990

Cov'd Auto No.	LIABILITY	PERS. INJ. PROT.		Add'd P.I.P.	Prop. Prot. (Monly)		Auto Med. Exp	Uninsur'd Motorists	COMPREHENSIVE		SPECIFIED PERILS	COLLISION		TOWING & LABOR
	PREMIUM	Limits Stated in each P.I.P. end minus deductible shown below	PREMIUM	Limit Stated in each Added P.I.P. end Premium	Limit Stated in P.I.P. end minus deductible shown below	PREMIUM	PREMIUM	PREMIUM	Limit Stated in ITEM TWO minus deductible shown below	PREMIUM	Limit Stated in ITEM TWO PREMIUM	Limit Stated in ITEM TWO minus deductible shown below	PREMIUM	
TX1	1,106	NIL	9					54			50	500	96	
TX2	2,213	NIL	9					54			70	1,000	195	
TX3	85	NIL	1					INCL						
TX4	85	NIL	1					INCL						
TX5	128	NIL	1					INCL						
TX6	2,872	NIL	9					54			95	1,000	351	
TX7	1,106	NIL	9					54			65	500	131	
TX8	85	NIL	1					INCL			34	500	66	
TX9	2,213	NIL	9					54			41	1,000	83	
Total														

Policy Number
5068721475

Crum Forster

AUTO SCHEDULE

UNITED STATES FIRE INSURANCE COMPANY

Named Insured ADAIR GRAIN, INC.

Effective Date: 01-01-13

Agent Name HERTEL INSURORS GROUP, L.L.P

12:01 A.M., Standard Time

Agent No. 84577

This policy is hereby made to apply to the items described below.

DESCRIPTION			CLASSIFICATION				
Cov'd Auto No.	Year Model; Trade Name; Body Type; Serial Number(s) Vehicle Identification Number (VIN)	Territory: Town & State Where the Covered Auto will be principally garaged.	PURCHASED		Business use Radius \ s = service or \ r = retail Ops. \ c = comm	Size GWW GCW or Vehicle Seat- ing Capacity	Code Factor
			Original Cost New	Actual Cost & NEW (N) USED (U)			
TX10	80 BRENNER SS TANKER 4581	WEST TX, 024, 76691	\$ 12,000 ACV		200		675990
TX11	89 PETERBILT 6X4 127 BCC EXTENDED HOOD ALUM LONG 1XP5D29X1KD282391	WEST TX, 024, 76691	\$ 87,375 ACV		200	45,000+	505990
TX12	81 ADAMS HOPPER TRAILER 01400	WEST TX, 024, 76691			50		684990
TX13	92 WILSON HOPPER TRAILER 1WMSFYF8NA215916	WEST TX, 024, 76691	\$ 17,000 ACV		50		684990
TX14	00 CORNHUSKER HOPPER TRAILER 1T92C4420Y0007474	WEST TX, 024, 76691	\$ 20,000 ACV		50		684990
TX15	97 TIMPTE HOPPER TRAILER 1TDH42224VB092792	WEST TX, 024, 76691	\$ 21,910 ACV		50		684990
TX16	06 CHEVY 1 TON FLATBED 1GBJK34D36E203364	WEST TX, 024, 76691	\$ 27,410 ACV		50	S 12,000	214990
TX17	92 DODGE 3500 3B7ME33C5NM543584	WEST TX, 024, 76691			50	S 20,000	214990

Cov'd Auto No.	LIABILITY	PERS. INJ. PROT.		Add'd P.I.P.	Prop. Prot. (Monly)		Auto Med. Exp	Uninsur'd Motorists	COMPREHENSIVE		SPECIFIED PERILS	COLLISION		TOWING & LABOR
	PREMIUM	Limits Stated in each P.I.P. end minus deductible shown below	PREMIUM	Limit Stated in each Added P.I.P. end Premium	Limit Stated in P.I.P. end minus deductible shown below	PREMIUM	PREMIUM	PREMIUM	Limit Stated in ITEM TWO minus deductible shown below	PREMIUM	Limit Stated in ITEM TWO PREMIUM	Limit Stated in ITEM TWO minus deductible shown below	PREMIUM	
TX10	128	NIL	1					INCL			33	1,000	53	
TX11	2,872	NIL	9					54			92	1,000	326	
TX12	85	NIL	1					INCL						
TX13	85	NIL	1					INCL			20	500	39	
TX14	85	NIL	1					INCL			20	500	39	
TX15	85	NIL	1					INCL			21	500	42	
TX16	893	NIL	9					54			66	500	143	
TX17	893	NIL	9					54						
Total	15,019		81					432			607		1,564	

BUSINESS AUTO COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section V – Definitions.

SECTION I – COVERED AUTOS

Item Two of the Declarations shows the "autos" that are covered "autos" for each of your coverages. The following numerical symbols describe the "autos" that may be covered "autos". The symbols entered next to a coverage on the Declarations designate the only "autos" that are covered "autos".

A. Description Of Covered Auto Designation Symbols

Symbol	Description Of Covered Auto Designation Symbols	
1	Any "Auto"	
2	Owned "Autos" Only	Only those "autos" you own (and for Liability Coverage any "trailers" you don't own while attached to power units you own). This includes those "autos" you acquire ownership of after the policy begins.
3	Owned Private Passenger "Autos" Only	Only the private passenger "autos" you own. This includes those private passenger "autos" you acquire ownership of after the policy begins.
4	Owned "Autos" Other Than Private Passenger "Autos" Only	Only those "autos" you own that are not of the private passenger type (and for Liability Coverage any "trailers" you don't own while attached to power units you own). This includes those "autos" not of the private passenger type you acquire ownership of after the policy begins.
5	Owned "Autos" Subject To No-fault	Only those "autos" you own that are required to have no-fault benefits in the state where they are licensed or principally garaged. This includes those "autos" you acquire ownership of after the policy begins provided they are required to have no-fault benefits in the state where they are licensed or principally garaged.
6	Owned "Autos" Subject To A Compulsory Uninsured Motorists Law	Only those "autos" you own that because of the law in the state where they are licensed or principally garaged are required to have and cannot reject Uninsured Motorists Coverage. This includes those "autos" you acquire ownership of after the policy begins provided they are subject to the same state uninsured motorists requirement.
7	Specifically Described "Autos"	Only those "autos" described in Item Three of the Declarations for which a premium charge is shown (and for Liability Coverage any "trailers" you don't own while attached to any power unit described in Item Three).
8	Hired "Autos" Only	Only those "autos" you lease, hire, rent or borrow. This does not include any "auto" you lease, hire, rent or borrow from any of your "employees", partners (if you are a partnership), members (if you are a limited liability company) or members of their households.
9	Non-owned "Autos" Only	Only those "autos" you do not own, lease, hire, rent or borrow that are used in connection with your business. This includes "autos" owned by your "employees", partners (if you are a partnership), members (if you are a limited liability company) or members of their households but only while used in your business or your personal affairs.

19	Mobile Equipment Subject To Compulsory Or Financial Responsibility Or Other Motor Vehicle Insurance Law Only	Only those "autos" that are land vehicles and that would qualify under the definition of "mobile equipment" under this policy if they were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where they are licensed or principally garaged.
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B. Owned Autos You Acquire After The Policy Begins

1. If Symbols **1, 2, 3, 4, 5, 6** or **19** are entered next to a coverage in Item Two of the Declarations, then you have coverage for "autos" that you acquire of the type described for the remainder of the policy period.
2. But, if Symbol **7** is entered next to a coverage in Item Two of the Declarations, an "auto" you acquire will be a covered "auto" for that coverage only if:
 - a. We already cover all "autos" that you own for that coverage or it replaces an "auto" you previously owned that had that coverage; and
 - b. You tell us within 30 days after you acquire it that you want us to cover it for that coverage.

C. Certain Trailers, Mobile Equipment And Temporary Substitute Autos

If Liability Coverage is provided by this coverage form, the following types of vehicles are also covered "autos" for Liability Coverage:

1. "Trailers" with a load capacity of 2,000 pounds or less designed primarily for travel on public roads.
2. "Mobile equipment" while being carried or towed by a covered "auto".
3. Any "auto" you do not own while used with the permission of its owner as a temporary substitute for a covered "auto" you own that is out of service because of its:
 - a. Breakdown;
 - b. Repair;
 - c. Servicing;
 - d. "Loss"; or
 - e. Destruction.

SECTION II – LIABILITY COVERAGE

A. Coverage

We will pay all sums an "insured" legally must pay as damages because of "bodily injury" or "property damage" to which this insurance applies, caused by an "accident" and resulting from the ownership, maintenance or use of a covered "auto".

We will also pay all sums an "insured" legally must pay as a "covered pollution cost or expense" to which this insurance applies, caused by an "accident" and resulting from the ownership, maintenance or use of covered "autos". However, we will only pay for the "covered pollution cost or expense" if there is either "bodily injury" or "property damage" to which this insurance applies that is caused by the same "accident".

We have the right and duty to defend any "insured" against a "suit" asking for such damages or a "covered pollution cost or expense". However, we have no duty to defend any "insured" against a "suit" seeking damages for "bodily injury" or "property damage" or a "covered pollution cost or expense" to which this insurance does not apply. We may investigate and settle any claim or "suit" as we consider appropriate. Our duty to defend or settle ends when the Liability Coverage Limit of Insurance has been exhausted by payment of judgments or settlements.

1. Who Is An Insured

The following are "insureds":

- a. You for any covered "auto".
- b. Anyone else while using with your permission a covered "auto" you own, hire or borrow except:

(1) The owner or anyone else from whom you hire or borrow a covered "auto".

This exception does not apply if the covered "auto" is a "trailer" connected to a covered "auto" you own.

- (2) Your "employee" if the covered "auto" is owned by that "employee" or a member of his or her household.
 - (3) Someone using a covered "auto" while he or she is working in a business of selling, servicing, repairing, parking or storing "autos" unless that business is yours.
 - (4) Anyone other than your "employees", partners (if you are a partnership), members (if you are a limited liability company) or a lessee or borrower or any of their "employees", while moving property to or from a covered "auto".
 - (5) A partner (if you are a partnership) or a member (if you are a limited liability company) for a covered "auto" owned by him or her or a member of his or her household.
- c. Anyone liable for the conduct of an "insured" described above but only to the extent of that liability.

2. Coverage Extensions

a. Supplementary Payments

We will pay for the "insured":

- (1) All expenses we incur.
- (2) Up to \$2,000 for cost of bail bonds (including bonds for related traffic law violations) required because of an "accident" we cover. We do not have to furnish these bonds.
- (3) The cost of bonds to release attachments in any "suit" against the "insured" we defend, but only for bond amounts within our Limit of Insurance.
- (4) All reasonable expenses incurred by the "insured" at our request, including actual loss of earnings up to \$250 a day because of time off from work.
- (5) All court costs taxed against the "insured" in any "suit" against the "insured" we defend. However, these payments do not include attorneys' fees or attorneys' expenses taxed against the "insured".
- (6) All interest on the full amount of any judgment that accrues after entry of the judgment in any "suit" against the "insured" we defend, but our duty to pay interest ends when we have paid, offered to pay or deposited in court the part of the judgment that is within our Limit of Insurance.

These payments will not reduce the Limit of Insurance.

b. Out-of-state Coverage Extensions

While a covered "auto" is away from the state where it is licensed we will:

- (1) Increase the Limit of Insurance for Liability Coverage to meet the limits specified by a compulsory or financial responsibility law of the jurisdiction where the covered "auto" is being used. This extension does not apply to the limit or limits specified by any law governing motor carriers of passengers or property.
- (2) Provide the minimum amounts and types of other coverages, such as no-fault, required of out-of-state vehicles by the jurisdiction where the covered "auto" is being used.

We will not pay anyone more than once for the same elements of loss because of these extensions.

B. Exclusions

This insurance does not apply to any of the following:

1. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the "insured".

2. Contractual

Liability assumed under any contract or agreement.

But this exclusion does not apply to liability for damages:

- a. Assumed in a contract or agreement that is an "insured contract" provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement; or
- b. That the "insured" would have in the absence of the contract or agreement.

3. Workers' Compensation

Any obligation for which the "insured" or the "insured's" insurer may be held liable under any workers' compensation, disability benefits or unemployment compensation law or any similar law.

4. Employee Indemnification And Employer's Liability

"Bodily injury" to:

- a. An "employee" of the "insured" arising out of and in the course of:
 - (1) Employment by the "insured"; or
 - (2) Performing the duties related to the conduct of the "insured's" business; or
- b. The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph **a.** above.

This exclusion applies:

- (1) Whether the "insured" may be liable as an employer or in any other capacity; and
- (2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

But this exclusion does not apply to "bodily injury" to domestic "employees" not entitled to workers' compensation benefits or to liability assumed by the "insured" under an "insured contract". For the purposes of the coverage form, a domestic "employee" is a person engaged in household or domestic work performed principally in connection with a residence premises.

5. Fellow Employee

"Bodily injury" to:

- a. Any fellow "employee" of the "insured" arising out of and in the course of the fellow "employee's" employment or while performing duties related to the conduct of your business; or
- b. The spouse, child, parent, brother or sister of that fellow "employee" as a consequence of Paragraph **a.** above.

6. Care, Custody Or Control

"Property damage" to or "covered pollution cost or expense" involving property owned or transported by the "insured" or in the "insured's" care, custody or control. But this exclusion does not apply to liability assumed under a sidetrack agreement.

7. Handling Of Property

"Bodily injury" or "property damage" resulting from the handling of property:

- a. Before it is moved from the place where it is accepted by the "insured" for movement into or onto the covered "auto"; or

- b. After it is moved from the covered "auto" to the place where it is finally delivered by the "insured".

8. Movement Of Property By Mechanical Device

"Bodily injury" or "property damage" resulting from the movement of property by a mechanical device (other than a hand truck) unless the device is attached to the covered "auto".

9. Operations

"Bodily injury" or "property damage" arising out of the operation of:

- a. Any equipment listed in Paragraphs **6.b.** and **6.c.** of the definition of "mobile equipment"; or
- b. Machinery or equipment that is on, attached to or part of a land vehicle that would qualify under the definition of "mobile equipment" if it were not subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.

10. Completed Operations

"Bodily injury" or "property damage" arising out of your work after that work has been completed or abandoned.

In this exclusion, your work means:

- a. Work or operations performed by you or on your behalf; and
- b. Materials, parts or equipment furnished in connection with such work or operations.

Your work includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in Paragraph **a.** or **b.** above.

Your work will be deemed completed at the earliest of the following times:

- (1) When all of the work called for in your contract has been completed.
- (2) When all of the work to be done at the site has been completed if your contract calls for work at more than one site.
- (3) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

11. Pollution

"Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

- a. That are, or that are contained in any property that is:
 - (1) Being transported or towed by, handled or handled for movement into, onto or from the covered "auto";
 - (2) Otherwise in the course of transit by or on behalf of the "insured"; or
 - (3) Being stored, disposed of, treated or processed in or upon the covered "auto";
- b. Before the "pollutants" or any property in which the "pollutants" are contained are moved from the place where they are accepted by the "insured" for movement into or onto the covered "auto"; or
- c. After the "pollutants" or any property in which the "pollutants" are contained are moved from the covered "auto" to the place where they are finally delivered, disposed of or abandoned by the "insured".

Paragraph a. above does not apply to fuels, lubricants, fluids, exhaust gases or other similar "pollutants" that are needed for or result from the normal electrical, hydraulic or mechanical functioning of the covered "auto" or its parts, if:

- (1) The "pollutants" escape, seep, migrate or are discharged, dispersed or released directly from an "auto" part designed by its manufacturer to hold, store, receive or dispose of such "pollutants"; and
- (2) The "bodily injury", "property damage" or "covered pollution cost or expense" does not arise out of the operation of any equipment listed in Paragraphs 6.b. and 6.c. of the definition of "mobile equipment".

Paragraphs b. and c. above of this exclusion do not apply to "accidents" that occur away from premises owned by or rented to an "insured" with respect to "pollutants" not in or upon a covered "auto" if:

- (a) The "pollutants" or any property in which the "pollutants" are contained are upset, overturned or damaged as a result of the maintenance or use of a covered "auto"; and
- (b) The discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused directly by such upset, overturn or damage.

12. War

"Bodily injury" or "property damage" arising directly or indirectly out of:

- a. War, including undeclared or civil war;
- b. Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- c. Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

13. Racing

Covered "autos" while used in any professional or organized racing or demolition contest or stunting activity, or while practicing for such contest or activity. This insurance also does not apply while that covered "auto" is being prepared for such a contest or activity.

C. Limit Of Insurance

Regardless of the number of covered "autos", "insureds", premiums paid, claims made or vehicles involved in the "accident", the most we will pay for the total of all damages and "covered pollution cost or expense" combined resulting from any one "accident" is the Limit of Insurance for Liability Coverage shown in the Declarations.

All "bodily injury", "property damage" and "covered pollution cost or expense" resulting from continuous or repeated exposure to substantially the same conditions will be considered as resulting from one "accident".

No one will be entitled to receive duplicate payments for the same elements of "loss" under this coverage form and any Medical Payments Coverage endorsement, Uninsured Motorists Coverage endorsement or Underinsured Motorists Coverage endorsement attached to this Coverage Part.

SECTION III – PHYSICAL DAMAGE COVERAGE

A. Coverage

1. We will pay for "loss" to a covered "auto" or its equipment under:

- a. **Comprehensive Coverage**

From any cause except:

- (1) The covered "auto's" collision with another object; or
- (2) The covered "auto's" overturn.

- b. **Specified Causes Of Loss Coverage**

Caused by:

- (1) Fire, lightning or explosion;
- (2) Theft;
- (3) Windstorm, hail or earthquake;
- (4) Flood;
- (5) Mischief or vandalism; or
- (6) The sinking, burning, collision or derailment of any conveyance transporting the covered "auto".

- c. **Collision Coverage**

Caused by:

- (1) The covered "auto's" collision with another object; or
- (2) The covered "auto's" overturn.

2. **Towing**

We will pay up to the limit shown in the Declarations for towing and labor costs incurred each time a covered "auto" of the private passenger type is disabled. However, the labor must be performed at the place of disablement.

3. **Glass Breakage – Hitting A Bird Or Animal – Falling Objects Or Missiles**

If you carry Comprehensive Coverage for the damaged covered "auto", we will pay for the following under Comprehensive Coverage:

- a. Glass breakage;
- b. "Loss" caused by hitting a bird or animal; and

- c. "Loss" caused by falling objects or missiles.

However, you have the option of having glass breakage caused by a covered "auto's" collision or overturn considered a "loss" under Collision Coverage.

4. Coverage Extensions

- a. **Transportation Expenses**

We will pay up to \$20 per day to a maximum of \$600 for temporary transportation expense incurred by you because of the total theft of a covered "auto" of the private passenger type. We will pay only for those covered "autos" for which you carry either Comprehensive or Specified Causes Of Loss Coverage. We will pay for temporary transportation expenses incurred during the period beginning 48 hours after the theft and ending, regardless of the policy's expiration, when the covered "auto" is returned to use or we pay for its "loss".

- b. **Loss Of Use Expenses**

For Hired Auto Physical Damage, we will pay expenses for which an "insured" becomes legally responsible to pay for loss of use of a vehicle rented or hired without a driver under a written rental contract or agreement. We will pay for loss of use expenses if caused by:

- (1) Other than collision only if the Declarations indicate that Comprehensive Coverage is provided for any covered "auto";
- (2) Specified Causes Of Loss only if the Declarations indicate that Specified Causes Of Loss Coverage is provided for any covered "auto"; or
- (3) Collision only if the Declarations indicate that Collision Coverage is provided for any covered "auto".

However, the most we will pay for any expenses for loss of use is \$20 per day, to a maximum of \$600.

B. Exclusions

1. We will not pay for "loss" caused by or resulting from any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss".

- a. **Nuclear Hazard**

- (1) The explosion of any weapon employing atomic fission or fusion; or
- (2) Nuclear reaction or radiation, or radioactive contamination, however caused.

b. War Or Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

- 2. We will not pay for "loss" to any covered "auto" while used in any professional or organized racing or demolition contest or stunting activity, or while practicing for such contest or activity. We will also not pay for "loss" to any covered "auto" while that covered "auto" is being prepared for such a contest or activity.
- 3. We will not pay for "loss" due and confined to:
 - a. Wear and tear, freezing, mechanical or electrical breakdown.
 - b. Blowouts, punctures or other road damage to tires.

This exclusion does not apply to such "loss" resulting from the total theft of a covered "auto".

- 4. We will not pay for "loss" to any of the following:
 - a. Tapes, records, discs or other similar audio, visual or data electronic devices designed for use with audio, visual or data electronic equipment.
 - b. Any device designed or used to detect speed-measuring equipment such as radar or laser detectors and any jamming apparatus intended to elude or disrupt speed-measurement equipment.
 - c. Any electronic equipment, without regard to whether this equipment is permanently installed, that reproduces, receives or transmits audio, visual or data signals.
 - d. Any accessories used with the electronic equipment described in Paragraph c. above.
- 5. Exclusions 4.c. and 4.d. do not apply to equipment designed to be operated solely by use of the power from the "auto's" electrical system that, at the time of "loss", is:
 - a. Permanently installed in or upon the covered "auto";

- b. Removable from a housing unit which is permanently installed in or upon the covered "auto";
 - c. An integral part of the same unit housing any electronic equipment described in Paragraphs a. and b. above; or
 - d. Necessary for the normal operation of the covered "auto" or the monitoring of the covered "auto's" operating system.
- 6. We will not pay for "loss" to a covered "auto" due to "diminution in value".

C. Limit Of Insurance

- 1. The most we will pay for "loss" in any one "accident" is the lesser of:
 - a. The actual cash value of the damaged or stolen property as of the time of the "loss"; or
 - b. The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality.
- 2. \$1,000 is the most we will pay for "loss" in any one "accident" to all electronic equipment that reproduces, receives or transmits audio, visual or data signals which, at the time of "loss", is:
 - a. Permanently installed in or upon the covered "auto" in a housing, opening or other location that is not normally used by the "auto" manufacturer for the installation of such equipment;
 - b. Removable from a permanently installed housing unit as described in Paragraph 2.a. above or is an integral part of that equipment; or
 - c. An integral part of such equipment.
- 3. An adjustment for depreciation and physical condition will be made in determining actual cash value in the event of a total "loss".
- 4. If a repair or replacement results in better than like kind or quality, we will not pay for the amount of the betterment.

D. Deductible

For each covered "auto", our obligation to pay for, repair, return or replace damaged or stolen property will be reduced by the applicable deductible shown in the Declarations. Any Comprehensive Coverage deductible shown in the Declarations does not apply to "loss" caused by fire or lightning.

SECTION IV – BUSINESS AUTO CONDITIONS

The following conditions apply in addition to the Common Policy Conditions:

A. Loss Conditions

1. Appraisal For Physical Damage Loss

If you and we disagree on the amount of "loss", either may demand an appraisal of the "loss". In this event, each party will select a competent appraiser. The two appraisers will select a competent and impartial umpire. The appraisers will state separately the actual cash value and amount of "loss". If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If we submit to an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Accident, Claim, Suit Or Loss

We have no duty to provide coverage under this policy unless there has been full compliance with the following duties:

- a. In the event of "accident", claim, "suit" or "loss", you must give us or our authorized representative prompt notice of the "accident" or "loss". Include:
 - (1) How, when and where the "accident" or "loss" occurred;
 - (2) The "insured's" name and address; and
 - (3) To the extent possible, the names and addresses of any injured persons and witnesses.
- b. Additionally, you and any other involved "insured" must:
 - (1) Assume no obligation, make no payment or incur no expense without our consent, except at the "insured's" own cost.
 - (2) Immediately send us copies of any request, demand, order, notice, summons or legal paper received concerning the claim or "suit".
 - (3) Cooperate with us in the investigation or settlement of the claim or defense against the "suit".
 - (4) Authorize us to obtain medical records or other pertinent information.

- (5) Submit to examination, at our expense, by physicians of our choice, as often as we reasonably require.

- c. If there is "loss" to a covered "auto" or its equipment you must also do the following:

- (1) Promptly notify the police if the covered "auto" or any of its equipment is stolen.
- (2) Take all reasonable steps to protect the covered "auto" from further damage. Also keep a record of your expenses for consideration in the settlement of the claim.
- (3) Permit us to inspect the covered "auto" and records proving the "loss" before its repair or disposition.
- (4) Agree to examinations under oath at our request and give us a signed statement of your answers.

3. Legal Action Against Us

No one may bring a legal action against us under this coverage form until:

- a. There has been full compliance with all the terms of this coverage form; and
- b. Under Liability Coverage, we agree in writing that the "insured" has an obligation to pay or until the amount of that obligation has finally been determined by judgment after trial. No one has the right under this policy to bring us into an action to determine the "insured's" liability.

4. Loss Payment – Physical Damage Coverages

At our option we may:

- a. Pay for, repair or replace damaged or stolen property;
- b. Return the stolen property, at our expense. We will pay for any damage that results to the "auto" from the theft; or
- c. Take all or any part of the damaged or stolen property at an agreed or appraised value.

If we pay for the "loss", our payment will include the applicable sales tax for the damaged or stolen property.

5. Transfer Of Rights Of Recovery Against Others To Us

If any person or organization to or for whom we make payment under this coverage form has rights to recover damages from another, those rights are transferred to us. That person or organization must do everything necessary to secure our rights and must do nothing after "accident" or "loss" to impair them.

B. General Conditions

1. Bankruptcy

Bankruptcy or insolvency of the "insured" or the "insured's" estate will not relieve us of any obligations under this coverage form.

2. Concealment, Misrepresentation Or Fraud

This coverage form is void in any case of fraud by you at any time as it relates to this coverage form. It is also void if you or any other "insured", at any time, intentionally conceal or misrepresent a material fact concerning:

- a. This coverage form;
- b. The covered "auto";
- c. Your interest in the covered "auto"; or
- d. A claim under this coverage form.

3. Liberalization

If we revise this coverage form to provide more coverage without additional premium charge, your policy will automatically provide the additional coverage as of the day the revision is effective in your state.

4. No Benefit To Bailee – Physical Damage Coverages

We will not recognize any assignment or grant any coverage for the benefit of any person or organization holding, storing or transporting property for a fee regardless of any other provision of this coverage form.

5. Other Insurance

- a. For any covered "auto" you own, this coverage form provides primary insurance. For any covered "auto" you don't own, the insurance provided by this coverage form is excess over any other collectible insurance. However, while a covered "auto" which is a "trailer" is connected to another vehicle, the Liability Coverage this coverage form provides for the "trailer" is:
 - (1) Excess while it is connected to a motor vehicle you do not own.
 - (2) Primary while it is connected to a covered "auto" you own.
- b. For Hired Auto Physical Damage Coverage, any covered "auto" you lease, hire, rent or borrow is deemed to be a covered "auto" you own. However, any "auto" that is leased, hired, rented or borrowed with a driver is not a covered "auto".
- c. Regardless of the provisions of Paragraph a. above, this coverage form's Liability Coverage is primary for any liability assumed under an "insured contract".

- d. When this coverage form and any other coverage form or policy covers on the same basis, either excess or primary, we will pay only our share. Our share is the proportion that the Limit of Insurance of our coverage form bears to the total of the limits of all the coverage forms and policies covering on the same basis.

6. Premium Audit

- a. The estimated premium for this coverage form is based on the exposures you told us you would have when this policy began. We will compute the final premium due when we determine your actual exposures. The estimated total premium will be credited against the final premium due and the first Named Insured will be billed for the balance, if any. The due date for the final premium or retrospective premium is the date shown as the due date on the bill. If the estimated total premium exceeds the final premium due, the first Named Insured will get a refund.
- b. If this policy is issued for more than one year, the premium for this coverage form will be computed annually based on our rates or premiums in effect at the beginning of each year of the policy.

7. Policy Period, Coverage Territory

Under this coverage form, we cover "accidents" and "losses" occurring:

- a. During the policy period shown in the Declarations; and
- b. Within the coverage territory.

The coverage territory is:

- (1) The United States of America;
- (2) The territories and possessions of the United States of America;
- (3) Puerto Rico;
- (4) Canada; and
- (5) Anywhere in the world if:
 - (a) A covered "auto" of the private passenger type is leased, hired, rented or borrowed without a driver for a period of 30 days or less; and
 - (b) The "insured's" responsibility to pay damages is determined in a "suit" on the merits, in the United States of America, the territories and possessions of the United States of America, Puerto Rico or Canada or in a settlement we agree to.

We also cover "loss" to, or "accidents" involving, a covered "auto" while being transported between any of these places.

8. Two Or More Coverage Forms Or Policies Issued By Us

If this coverage form and any other coverage form or policy issued to you by us or any company affiliated with us applies to the same "accident", the aggregate maximum Limit of Insurance under all the coverage forms or policies shall not exceed the highest applicable Limit of Insurance under any one coverage form or policy. This condition does not apply to any coverage form or policy issued by us or an affiliated company specifically to apply as excess insurance over this coverage form.

SECTION V – DEFINITIONS

- A. "Accident" includes continuous or repeated exposure to the same conditions resulting in "bodily injury" or "property damage".
 - B. "Auto" means:
 - 1. A land motor vehicle, "trailer" or semitrailer designed for travel on public roads; or
 - 2. Any other land vehicle that is subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged.
- However, "auto" does not include "mobile equipment".
- C. "Bodily injury" means bodily injury, sickness or disease sustained by a person including death resulting from any of these.
 - D. "Covered pollution cost or expense" means any cost or expense arising out of:
 - 1. Any request, demand, order or statutory or regulatory requirement that any "insured" or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of, "pollutants"; or
 - 2. Any claim or "suit" by or on behalf of a governmental authority for damages because of testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing, or in any way responding to, or assessing the effects of, "pollutants".

"Covered pollution cost or expense" does not include any cost or expense arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

- a. That are, or that are contained in any property that is:
 - (1) Being transported or towed by, handled or handled for movement into, onto or from the covered "auto";
 - (2) Otherwise in the course of transit by or on behalf of the "insured"; or
 - (3) Being stored, disposed of, treated or processed in or upon the covered "auto";
- b. Before the "pollutants" or any property in which the "pollutants" are contained are moved from the place where they are accepted by the "insured" for movement into or onto the covered "auto"; or
- c. After the "pollutants" or any property in which the "pollutants" are contained are moved from the covered "auto" to the place where they are finally delivered, disposed of or abandoned by the "insured".

Paragraph a. above does not apply to fuels, lubricants, fluids, exhaust gases or other similar "pollutants" that are needed for or result from the normal electrical, hydraulic or mechanical functioning of the covered "auto" or its parts, if:

- (1) The "pollutants" escape, seep, migrate or are discharged, dispersed or released directly from an "auto" part designed by its manufacturer to hold, store, receive or dispose of such "pollutants"; and
- (2) The "bodily injury", "property damage" or "covered pollution cost or expense" does not arise out of the operation of any equipment listed in Paragraph 6.b. or 6.c. of the definition of "mobile equipment".

Paragraphs **b.** and **c.** above do not apply to "accidents" that occur away from premises owned by or rented to an "insured" with respect to "pollutants" not in or upon a covered "auto" if:

- (a)** The "pollutants" or any property in which the "pollutants" are contained are upset, overturned or damaged as a result of the maintenance or use of a covered "auto"; and
- (b)** The discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused directly by such upset, overturn or damage.

- E.** "Diminution in value" means the actual or perceived loss in market value or resale value which results from a direct and accidental "loss".
- F.** "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".
- G.** "Insured" means any person or organization qualifying as an insured in the Who Is An Insured provision of the applicable coverage. Except with respect to the Limit of Insurance, the coverage afforded applies separately to each insured who is seeking coverage or against whom a claim or "suit" is brought.
- H.** "Insured contract" means:
 - 1.** A lease of premises;
 - 2.** A sidetrack agreement;
 - 3.** Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;
 - 4.** An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;
 - 5.** That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another to pay for "bodily injury" or "property damage" to a third party or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement;
 - 6.** That part of any contract or agreement entered into, as part of your business, pertaining to the rental or lease, by you or any of your "employees", of any "auto". However, such contract or agreement shall not be considered an "insured contract" to the extent that it obligates you or any of your "employees" to pay for "property damage" to any "auto" rented or leased by you or any of your "employees".

An "insured contract" does not include that part of any contract or agreement:

- a.** That indemnifies a railroad for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing;
 - b.** That pertains to the loan, lease or rental of an "auto" to you or any of your "employees", if the "auto" is loaned, leased or rented with a driver; or
 - c.** That holds a person or organization engaged in the business of transporting property by "auto" for hire harmless for your use of a covered "auto" over a route or territory that person or organization is authorized to serve by public authority.
- I.** "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".
 - J.** "Loss" means direct and accidental loss or damage.
 - K.** "Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:
 - 1.** Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
 - 2.** Vehicles maintained for use solely on or next to premises you own or rent;
 - 3.** Vehicles that travel on crawler treads;
 - 4.** Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
 - a.** Power cranes, shovels, loaders, diggers or drills; or
 - b.** Road construction or resurfacing equipment such as graders, scrapers or rollers;
 - 5.** Vehicles not described in Paragraph **1.**, **2.**, **3.** or **4.** above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - a.** Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well-servicing equipment; or
 - b.** Cherry pickers and similar devices used to raise or lower workers; or

6. Vehicles not described in Paragraph 1., 2., 3. or 4. above maintained primarily for purposes other than the transportation of persons or cargo. However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

- a. Equipment designed primarily for:
 - (1) Snow removal;
 - (2) Road maintenance, but not construction or resurfacing; or
 - (3) Street cleaning;
- b. Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
- c. Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting or well-servicing equipment.

However, "mobile equipment" does not include land vehicles that are subject to a compulsory or financial responsibility law or other motor vehicle insurance law where it is licensed or principally garaged. Land vehicles subject to a compulsory or financial responsibility law or other motor vehicle insurance law are considered "autos".

L. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

M. "Property damage" means damage to or loss of use of tangible property.

N. "Suit" means a civil proceeding in which:

- 1. Damages because of "bodily injury" or "property damage"; or
- 2. A "covered pollution cost or expense"; to which this insurance applies, are alleged.

"Suit" includes:

- a. An arbitration proceeding in which such damages or "covered pollution costs or expenses" are claimed and to which the "insured" must submit or does submit with our consent; or
- b. Any other alternative dispute resolution proceeding in which such damages or "covered pollution costs or expenses" are claimed and to which the insured submits with our consent.

O. "Temporary worker" means a person who is furnished to you to substitute for a permanent "employee" on leave or to meet seasonal or short-term workload conditions.

P. "Trailer" includes semitrailer.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS CHANGES

For a covered "auto" licensed or principally garaged in, or "garage operations" conducted in, Texas, this endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM
BUSINESS AUTO PHYSICAL DAMAGE COVERAGE FORM
MOTOR CARRIER COVERAGE FORM
TRUCKERS COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

A. Changes In Physical Damage Coverage

1. The following exclusion is added to Paragraph **B. Exclusions** in the Physical Damage Coverage Section:

We will not pay for "loss" due to or as a consequence of a seizure of a covered "auto" by federal or state law enforcement officers as evidence in a case against you under the Texas Controlled Substances Act or the federal Controlled Substances Act if you are convicted in such case.

2. Paragraphs **C.3.** and **C.4.** of the **Limit Of Insurance** Provision under Physical Damage Coverage do not apply.
3. Paragraph **D. Deductible** in the Physical Damage Coverage Section is amended by the addition of the following:

At the mutual agreement of you and us, we will not apply the deductible to "loss" to glass, if the glass is repaired rather than replaced.

B. Changes In Conditions

The following condition is added:

Claim-handling Procedures

1. Within 15 days after we receive written notice of a claim, we will:
 - a. Acknowledge receipt of the claim. If we do not acknowledge receipt of the claim in writing, we will keep a record of the date, method and content of the acknowledgment;
 - b. Begin any investigation of the claim; and

- c. Specify the information you must provide in accordance with Paragraph **b.** of the Duties Condition.

We may request more information at a later date, if during the investigation of the claim such additional information is necessary.

2. After we receive the information we request, we will notify you in writing as to whether:
 - a. The claim will be paid;
 - b. The claim has been denied, and inform you of the reasons for denial;
 - c. More information is necessary; or
 - d. We need additional time to reach a decision. If we need additional time, we will inform you of the reasons for such need.

We will provide notification, as described in **2.a.** through **2.d.** above, within:

- a. 15 "business days"; or
- b. 30 days if we have reason to believe the loss resulted from arson.

If we have notified you that we need additional time to reach a decision, we must then either approve or deny the claim within 45 days of such notice.

3. If a claim results from a weather-related catastrophe or a major natural disaster as defined by the Texas Department of Insurance, the claim-handling deadlines described above are extended for an additional 15 days.
4. If we notify you that we will pay your claim, or part of your claim, we will pay within five "business days" after we notify you.

However, if payment of the claim or part of the claim is conditioned on your compliance with any of the terms under this policy, we will make payment within five "business days" after the date you have complied with such terms.

5. We will notify you in writing of:
 - a. An initial offer to compromise or settle a claim made or "suit" brought against any insured under the Liability Coverage Section of this policy. The notice will be given no later than the 10th day after the date on which the offer is made.
 - b. Any settlement of a claim made or "suit" brought against the "insured" under the Liability Coverage Section of this policy. The notice will be given not later than the 30th day after the date of settlement.

As used in this condition, business day means a day other than Saturday, Sunday or a holiday recognized by the state of Texas.

C. Changes In Uninsured/Underinsured Motorists Coverage

All references to "Uninsured Motorists Coverage" in the title or text of any coverage form or endorsement thereto are changed to read "Uninsured/Underinsured Motorists Coverage".

D. Changes In Trailer Interchange Coverage

The following exclusion is added to Paragraph **B.1. Exclusions of Section III – Trailer Interchange Coverage** in the Motor Carrier and Truckers Coverage Forms:

We will not pay for "loss" caused by or resulting from any of the following. Such "loss" is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the "loss".

Texas Controlled Substance Act

We will not pay for "loss" due to or as a consequence of a seizure of a covered "auto" by federal or state law enforcement officers as evidence in a case against you under the Texas Controlled Substances Act or the federal Controlled Substances Act if you are convicted in such case.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS UNINSURED/UNDERINSURED MOTORISTS COVERAGE

For a "covered auto" licensed or principally garaged in, or "garage operations" conducted in, Texas, this endorsement modifies insurance provided under the following:

- BUSINESS AUTO COVERAGE FORM
- GARAGE COVERAGE FORM
- MOTOR CARRIER COVERAGE FORM
- TRUCKERS COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the coverage form apply unless modified by the endorsement.

This endorsement changes the policy effective on the inception date of the policy unless another date is indicated below.

Named Insured:
Endorsement Effective Date:

SCHEDULE

Limit Of Insurance	
\$ 100,000	Each "Accident"
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Coverage

1. We will pay damages which an "insured" is legally entitled to recover from the owner or operator of an "uninsured motor vehicle" because of "bodily injury" sustained by an "insured" or "property damage" caused by an "accident". The owner's or operator's liability for these damages must arise out of the ownership, maintenance or use of the "uninsured motor vehicle".
2. With respect to damages resulting from an "accident" with a vehicle described in Paragraph **d.** of the definition of "uninsured motor vehicle", we will pay under this coverage only if **a.** or **b.** below applies:
 - a.** The limit of any applicable liability bonds or policies has been exhausted by payment of judgments or settlements; or

- b.** A tentative settlement has been made between an "insured" and the insurer of the vehicle described in Paragraph **d.** of the definition of "uninsured motor vehicle", and we:

- (1)** Have been given prompt written notice of such tentative settlement; and
 - (2)** Advance payment to the "insured" in an amount equal to the tentative settlement within 30 days after receipt of notification.
3. Any judgment for damages arising out of a "suit" brought without our written consent is not binding on us. If we and the Named Insured do not agree as to whether or not a vehicle is actually uninsured, the burden of proof as to that issue will be on us.

B. Who Is An Insured

If the Named Insured is designated in the Declarations as:

1. An individual, then the following are insureds:
 - a. The Named Insured and any "family member".
 - b. Any other person "occupying" a "covered auto".
 - c. Any person or organization for damages that person or organization is entitled to recover because of "bodily injury" sustained by a person described in **a.** or **b.** above.
2. A partnership, limited liability company, corporation or any other form of organization, then the following are "insureds":
 - a. The Named Insured for "property damage" only.
 - b. Any person "occupying" a "covered auto".
 - c. Any person or organization for damages that person or organization is entitled to recover because of "bodily injury" sustained by a person described in **b.** above.

C. Exclusions

1. We do not provide Uninsured/Underinsured Motorists Insurance:
 - a. For "bodily injury" sustained by:
 - (1) An individual Named Insured while "occupying" or when struck by any vehicle owned by that Named Insured that is not a "covered auto" for Uninsured/Underinsured Motorists Coverage under this coverage form;
 - (2) Any "family member" while "occupying" or when struck by any vehicle owned by that "family member" that is not a "covered auto" for Uninsured/Underinsured Motorists Coverage under this coverage form; or
 - (3) Any "family member" while "occupying" or when struck by any vehicle owned by the Named Insured that is insured for Uninsured/Underinsured Motorists Coverage on a primary basis under any other coverage form or policy.
 - b. For any claim settled without our consent. However, this exclusion does not apply to a settlement made with the insurer of an owner or operator of a vehicle described in Paragraph **d.** of the definition of "uninsured motor vehicle" in accordance with the procedure described in Paragraph **A.2.b.**

- c. For any person for the first \$250 of the amount of damage to the property of that person as the result of any one "accident".
- d. For the use of a vehicle without a reasonable belief that the person using the vehicle is entitled to do so. This exclusion does not apply to an individual Named Insured or a "family member" while using a "covered auto".
- e. For any person for "bodily injury" or "property damage" resulting from the intentional acts of that person.

2. This coverage shall not apply directly or indirectly to benefit:
 - a. Any insurer or self-insurer under any workers' compensation, disability or similar law.
 - b. Any insurer of property.

D. Limit Of Insurance

1. Regardless of the number of "covered autos", "insureds", policies or bonds applicable, claims made or vehicles involved in the "accident", the most we will pay for all damages resulting from any one "accident" is the limit of Uninsured/Underinsured Motorists Coverage shown in the Schedule or Declarations. Subject to this maximum, our limit of liability will be the lesser of:
 - a. The difference between the amount of a covered "insured's" damages for "bodily injury" or "property damage" and the amount paid or payable to that covered "insured" for such damages, by or on behalf of persons or organizations who may be legally responsible; or
 - b. The applicable limit of liability for this coverage.
2. In order to avoid insurance benefits payments in excess of actual damages sustained, subject to only the limits set out in the Schedule or Declarations and other applicable provisions of this coverage, we will pay all covered damages not paid or payable under any:
 - a. Workers' compensation, disability benefits or similar law;
 - b. Automobile Medical Payments Coverage; or
 - c. Personal Injury Protection Coverage.
3. Any payment under this coverage to or for an "insured" will reduce any amount that "insured" is entitled to recover for the same damages under this policy's Liability Coverage.

4. Special Provisions For Property Damage

For any "property damage" "loss" to which the Physical Damage Coverage of this policy (or similar coverage from another policy) and this coverage both apply, the Named Insured may choose the coverage from which damages will be paid. Such Named Insured may recover under both coverages, but only if:

- a. Neither one by itself is sufficient to cover the "loss";
- b. The Named Insured pays the higher deductible amount (but the Named Insured does not have to pay both deductibles); and
- c. The Named Insured will not recover more than the actual damages.

E. Changes In Conditions

The Conditions of the policy are changed for Uninsured/Underinsured Motorists Insurance as follows:

1. The reference in **Other Insurance** Condition in the Business Auto and Garage Coverage Forms and **Other Insurance – Primary And Excess Insurance Provisions** Condition in the Truckers and Motor Carrier Coverage Forms to "other collectible insurance" is replaced by the following:

If there is other applicable similar insurance, we will pay only our share of the "loss". Our share is the proportion that our Limit of Insurance bears to the total of all applicable limits. However, any insurance we provide with respect to a vehicle the Named Insured does not own shall be excess over any other collectible insurance.

2. **Duties In The Event Of Accident, Claim, Suit Or Loss** is changed by adding the following:

- a. Promptly notify the police if a hit-and-run driver is involved.
- b. Promptly send us copies of the legal papers if a "suit" is brought.
- c. Take reasonable steps after "loss" to protect the "covered auto" and its equipment from further "loss". We will pay all reasonable expenses incurred to do this.

- d. Permit us to inspect and appraise the damaged property before its repair or disposal.
- e. Promptly notify us in writing of a tentative settlement between an "insured" and the insurer of the vehicle described in Paragraph **d.** of the definition of "uninsured motor vehicle" and allow us 30 days to advance payment to that "insured" in an amount equal to the tentative settlement to preserve our rights against the insurer, owner or operator of such vehicle.

3. Transfer Of Rights Of Recovery Against Others To Us

is changed by adding the following:

If we make any payment and the "insured" recovers from another party, the "insured" shall hold the proceeds in trust for us and pay us back the amount we have paid.

Our rights under this provision do not apply with respect to a tentative settlement between an "insured" and the insurer of an owner or operator of a vehicle described in Paragraph **d.** of the definition of "uninsured motor vehicle" if we:

- a. Have been given written notice of a tentative settlement between the "insured" and the insurer of the "uninsured motor vehicle"; and
- b. Fail to advance payment to the "insured" in an amount equal to the tentative settlement within 30 days after receipt of notification.

If we advance payment to the "insured" in an amount equal to the tentative settlement within 30 days after receipt of notification:

- a. That payment will be separate from any amount an "insured" is entitled to recover under the provisions of Uninsured/Underinsured Motorists Coverage; and
- b. We also have the right to recover the advanced payment.

4. The following condition is added:

Arbitration

- a. If we and an "insured" disagree whether the "insured" is legally entitled to recover damages from the owner or driver of an "uninsured motor vehicle" or do not agree as to the amount of damages that are recoverable by that "insured", then the matter may be arbitrated. However, disputes concerning coverage under this endorsement may not be arbitrated. Both parties must agree to arbitration. In this event, each party will select an arbitrator. The two arbitrators will select a third. If they cannot agree within 30 days, either may request that selection be made by a judge of a court having jurisdiction. Each party will pay the expenses it incurs and bear the expenses of the third arbitrator equally.
- b. Unless both parties agree otherwise, arbitration will take place in the county in which the "insured" lives. Local rules of law as to arbitration procedure and evidence will apply. A decision agreed to by two of the arbitrators will be binding. However, at any time prior to the arbitrators' decision, either party may revoke the agreement to arbitrate the matter.

F. Additional Definitions

The following are added to the **Definitions** Section and have special meaning for Uninsured/Underinsured Motorists Insurance:

- 1. "Covered auto" means an "auto":
 - a. Owned or leased by the Named Insured; or
 - b. While temporarily used as a substitute for an owned "covered auto" that has been withdrawn from normal use because of its breakdown, repair, servicing, "loss" or destruction.

Liability coverage of this policy must apply to the "covered auto".

"Covered auto" includes "autos" (described in **a.** or **b.** above) for which Uninsured/Underinsured Motorists Insurance has not been rejected in writing.
- 2. "Family member" means a person related to an individual Named Insured by blood, marriage or adoption who is a resident of such Named Insured's household, including a ward or foster child.
- 3. "Occupying" means in, upon, getting in, on, out or off.

4. "Property damage" means injury to or "loss" of use or destruction of:

- a. A "covered auto";
- b. Property owned by the Named Insured or any "family member" of an individual Named Insured while contained in a "covered auto";
- c. Property owned by any other person "occupying" the "covered auto" while contained in the "covered auto"; and
- d. Any property owned by the Named Insured or "family member" of an individual Named Insured while contained in any "auto" not owned, but being operated, by such individual Named Insured or any "family member" of the individual Named Insured.

5. "Uninsured motor vehicle" means a land motor vehicle or "trailer" of any type:

- a. To which no liability bond or policy applies at the time of the "accident".
- b. Which is a hit-and-run vehicle whose operator or owner cannot be identified. The vehicle must hit an "insured", a "covered auto" or a vehicle an "insured" is "occupying".
- c. To which a liability bond or policy applies at the time of the "accident", but the bonding or insuring company denies coverage or is or becomes insolvent.
- d. Which is an underinsured motor vehicle. An underinsured motor vehicle is one to which a liability bond or policy applies at the time of the accident, but its limit of liability either:
 - (1) Is less than the limit of liability for this coverage; or
 - (2) Has been reduced by payments to others, arising from the same "accident" to an amount which is less than the limit of liability for this coverage.

However, "uninsured motor vehicle" does not include any vehicle or equipment:

- a. Owned by or furnished or available for the regular use of the Named Insured or a "family member" of an individual Named Insured;
- b. Owned or operated by a self-insurer under an applicable motor vehicle law;

- c.** Owned by any governmental body unless the operator of the vehicle is uninsured and there is no statute imposing liability for damage because of "bodily injury" or "property damage" on the governmental body for an amount not less than the Limit of Insurance for this coverage;
- d.** Operated on rails or crawler treads;
- e.** Designed mainly for use off public roads while not on public roads; and
- f.** While located for use as a residence or premises.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS CHANGES - CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM
BUSINESS AUTO PHYSICAL DAMAGE COVERAGE FORM
GARAGE COVERAGE FORM
MOTOR CARRIER COVERAGE FORM
TRUCKERS COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

A. Paragraphs **2.** and **5.** of the **Cancellation** Common Policy Condition contained in Endorsement **IL 00 17** are replaced by the following:

2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation, stating the reason for cancellation, at least 10 days before the effective date of cancellation.

The permissible reasons for cancellation are as follows:

- a.** If this policy has been in effect for 60 days or less, we may cancel for any reason except, that under the provisions of the Texas Insurance Code, we may not cancel this policy solely because the policyholder is an elected official.
- b.** If this policy has been in effect for more than 60 days, or if it is a renewal or continuation of a policy issued by us, we may cancel only for one or more of the following reasons:
 - (1)** Fraud in obtaining coverage;
 - (2)** Failure to pay premiums when due;
 - (3)** An increase in hazard within the control of the insured which would produce an increase in rate;
 - (4)** Loss of reinsurance covering all or part of the risk covered by the policy; or

(5) If we have been placed in supervision, conservatorship or receivership and the cancellation is approved or directed by the supervisor, conservator or receiver.

5. If this policy is canceled, we will send the first Named Insured any premium refund due. The refund will be pro rata, subject to the policy minimum premium. The cancellation will be effective even if we have not made or offered a refund.

B. The following Condition is added:

1. Nonrenewal

(a) We may elect to renew this policy except that under the provisions of the Texas Insurance Code, we may not refuse to renew this policy solely because the policyholder is an elected official.

(b) If we elect not to renew this policy, we may do so by mailing or delivering to the first Named Insured, at the last mailing address known to us, written notice of nonrenewal, stating the reason for nonrenewal, at least 60 days before the expiration date. If notice is mailed or delivered less than 60 days before the expiration date, this policy will remain in effect until the 61st day after the date on which the notice is mailed or delivered. Earned premium for any period of coverage that extends beyond the expiration date will be computed pro rata based on the previous year's premium.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS PERSONAL INJURY PROTECTION ENDORSEMENT

For a covered "auto" licensed or principally garaged in, or "garage operations" conducted in, Texas, this endorsement modifies insurance provided under the following:

- BUSINESS AUTO COVERAGE FORM
- GARAGE COVERAGE FORM
- MOTOR CARRIER COVERAGE FORM
- TRUCKERS COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

SCHEDULE

Limit Of Insurance (Each Insured)	Premium
\$ 5,000	INCL
Description Of Covered Autos (check appropriate box):	
<input type="checkbox"/>	Any "auto" owned by you.
<input type="checkbox"/>	Any private passenger "auto" owned by you.
<input type="checkbox"/>	Any motor vehicle to which are attached dealer's license plates issued to you.
<input type="checkbox"/>	Any motor vehicle designated in the Declarations of the policy by the letters P.I.P. and a motor vehicle ownership of which is acquired during the policy period by you as a replacement therefor.
<input type="checkbox"/>	
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. Coverage

We will pay Personal Injury Protection benefits because of "bodily injury" resulting from a motor vehicle "accident" and sustained by a person "insured". Our payment will only be for "losses" or expenses incurred within three years from the date of the "accident".

Personal Injury Protection benefits consist of:

1. Necessary expenses for medical and funeral services.

2. 80% of an "insured's" loss of income from employment. These benefits apply only if, at the time of the "accident", the "insured":

- a. Was an income producer; and
- b. Was in an occupational status.

These benefits do not apply to any "loss" after the "insured" dies.

Loss of income is the difference between:

- a. Income which would have been earned had the "insured" not been injured; and
- b. The amount of income actually received from employment during the period of disability.

If the income being earned as of the date of the "accident" is a salary or fixed remuneration, it shall be used in determining the amount of income which would have been earned. Otherwise, the average monthly income earned during the period (not more than 12 months) preceding the "accident" shall be used.

3. Reasonable expenses incurred for obtaining services. These services must replace those an "insured" would normally have performed:
 - a. Without pay;
 - b. During a period of disability; and
 - c. For the care and maintenance of the family or household.

These benefits apply only if, at the time of the "accident", the "insured":

- a. Was not an income producer; and
- b. Was not in an occupational status.

These benefits do not apply to any "loss" after the "insured" dies.

B. Who Is An Insured

1. You or any "family member" while "occupying" or when struck by any "auto".
2. Anyone else "occupying" a "covered auto" with your permission.

C. Exclusions

We will not provide Personal Injury Protection Coverage for any person for "bodily injury" sustained:

1. In an "accident" caused intentionally by that person.
2. By that person while in the commission of a felony.
3. By that person while attempting to elude arrest by a law enforcement official.
4. While "occupying" or when struck by, any motor vehicle (other than a "covered auto") which is owned by you.
5. By a "family member" while "occupying" or when struck by any motor vehicle (other than a "covered auto") which is owned by a "family member".

D. Limit Of Insurance

Regardless of the number of owned "covered autos", "insureds", premiums paid, claims made or vehicles involved in the "accident", the most we will pay for "bodily injury" for each "insured" in any one "accident" is the limit of Personal Injury Protection shown in the Schedule or in the Declarations.

E. Changes In Conditions

1. The following is added to the **Transfer Of Rights Of Recovery Against Others To Us** Condition:

However, our rights only apply against a person causing or contributing to the "accident" if, on the date of the "loss", the minimum limits required by Texas law have not been established for a motor vehicle involved in the "accident" and operated by that person.

2. The reference in the **Other Insurance** Condition in the Business Auto and Garage Coverage Forms and **Other Insurance – Primary And Excess Insurance Provisions** Condition in the Truckers and Motor Carrier Coverage Forms to "other collectible insurance" is replaced by the following:

If there is other Personal Injury Protection Insurance, we will pay only our share. Our share is the proportion that our Limit Of Insurance bears to the total of all applicable limits. However, any insurance we provide with respect to a vehicle you do not own shall be excess over any other collectible Personal Injury Protection Insurance.

3. The following Conditions are added:

a. Payment Provision

Loss Payments. Benefits are payable:

- (1) Not more frequently than every two weeks; and
- (2) Within 30 days after satisfactory proof of claim is received.

b. Assignment Of Benefits

Payments for medical benefits will be paid directly to a physician or other health care provider if we receive a written assignment signed by the covered person to whom such benefits are payable.

F. Additional Definitions

The following are added to the **Definitions** Section and have special meaning for Personal Injury Protection:

1. "Covered auto" means an "auto":
 - a. Owned or leased by you; or

b. While temporarily used as a substitute for an owned "covered auto" that has been withdrawn from normal use because of its breakdown, repair, servicing, loss or destruction.

Liability coverage of this policy must apply to the "covered auto".

"Covered auto" includes "autos" (described in Paragraphs **a.** and **b.** above) for which Personal Injury Protection coverage has not been rejected in writing.

2. "Family member" means a person related to you by blood, marriage or adoption who is a resident of your household, including a ward or foster child.

3. "Occupying" means in, upon, getting in, on, out or off.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

TEXAS FORM F-1 - UNIFORM COMMERCIAL MOTOR VEHICLE BODILY INJURY AND PROPERTY DAMAGE LIABILITY INSURANCE ENDORSEMENT

This endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM
GARAGE COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

It is agreed that the certification of the policy, as proof of financial responsibility under the provisions of law or regulations promulgated by the Texas Department of Transportation, amends the policy to provide insurance for "auto" "bodily injury" and "property damage" liability in accordance with the provisions of such law or regulations to the extent of coverage and limits certified, provided only that the "insured" agrees to reimburse us for any payment made by us which it would not have been obligated to make under the terms of this policy except by reason of the obligation assumed in making such certification.

This endorsement may not be canceled without cancellation of the policy to which it is attached. Such cancellation may be effected by us or the insured by giving thirty (30) days' notice in writing to the Texas Department of Transportation, such thirty (30) days' notice to commence to run from the date the notice is actually received in the office of such commission.

TEXAS UNINSURED/UNDERINSURED MOTORISTS COVERAGE SELECTION/REJECTION

Policy Number: 5068721475	Policy Effective Date: 01-01-2013
Company: UNITED STATES FIRE INSURANCE COMPANY	
Producer: HERTEL INSURORS GROUP, L.L.P	
Applicant/Named Insured: ADAIR GRAIN, INC.	

Texas law permits you to make certain decisions regarding Uninsured/Underinsured Motorists Coverage. This document briefly describes this coverage and the options available.

You should read this document carefully and contact us or your agent if you have any questions regarding Uninsured/Underinsured Motorists Coverage and your options with respect to this coverage.

This document includes general descriptions of coverage. However, no coverage is provided by this document. You should read your policy and review your Declarations Page(s) and/or Schedule(s) for complete information on the coverages you are provided.

UNINSURED/UNDERINSURED MOTORISTS COVERAGE

Uninsured/Underinsured Motorists Coverage provides insurance protection to an insured for damages which the insured is legally entitled to recover from the owner or operator of an uninsured motor vehicle because of bodily injury or property damage caused by an automobile accident. Also included are damages due to bodily injury or property damage that result from an automobile accident with a hit-and-run vehicle whose owner or operator cannot be identified.

Unless rejected, Uninsured/Underinsured Motorists Coverage will be afforded at limits at least equal to: (1) split limits of \$30,000 for each person, subject to \$60,000 for each accident with respect to bodily injury, and \$25,000 with respect to property damage; or (2) a combined single limit of \$85,000 for each accident, but you may select optional higher limits.

Please indicate your choice from either **A.** or **B.** as follows:

A. Selection Of Uninsured/Underinsured Motorists Coverage Limits

If you wish to select Uninsured/Underinsured Motorists Coverage, you may do so by initialing next to the appropriate item(s) and signing below. Please note that we only offer Uninsured/Underinsured Motorists Coverage limits up to the Liability Coverage limits of your policy, even though higher limits may appear below.

<p>(Initials) I select Uninsured/Underinsured Motorists Coverage at the following limit(s):</p> <p>_____</p> <p>(Choose one Split Limits Bodily Injury option AND one Property Damage limit option, OR one Combined Single Limit option from the following):</p>						
(Initials)	Split Limits Bodily Injury	(Initials)	Property Damage	OR	(Initials)	Combined Single Limit
_____	\$ 30,000/60,000	_____	\$ 25,000		_____	\$ 85,000
_____	50,000/100,000	_____	50,000		_____	100,000
_____	100,000/300,000	_____	100,000		_____	250,000
_____	250,000/500,000	_____	_____		_____	350,000
_____	500,000/1,000,000	_____	(Other)		_____	500,000
_____	_____	_____	_____		_____	1,000,000
_____	(Other)	_____	_____		_____	(Other)
<p>_____</p> <p style="text-align: center;">Signature Of Applicant/Named Insured Date</p>						

B. Rejection Of Uninsured/Underinsured Motorists Coverage

If you wish to reject Uninsured/Underinsured Motorists Coverage, you may do so by initialing and signing below.

<p>_____</p> <p>(Initials)</p>	<p>I reject Uninsured/Underinsured Motorists Coverage.</p>
<p>_____</p> <p style="text-align: center;">Signature Of Applicant/Named Insured Date</p>	